BEFORE THE ARIZONA CORPORATION COMMISSION

In the matter of: Performance Arbitrage Company Inc., a Delaware Corporation, Michelle Plant, a Mississippi resident, Financial Product Distributors, LLC, a Delaware limited liability company, Michael David Woodard (CRD#3270674) and Jane Doe Woodard, husband and wife, residents of Texas, Mark Corbett and Jane Doe Corbett, husband and wife, residents of California, Upstate Law Group, LLC, a South Carolina limited liability company, and Candy Kern-Fuller, a South Carolina resident, Respondents.	)	DOCKET NO. S-21049A-18-0223
In the matter of: BAIC, Inc., a Texas for-profit corporation, SoBell Corp, a Mississippi for-profit corporation, Andrew Gamber, an Arkansas resident, Mark Corbett, a California resident,	)	DOCKET NO. S-21044A-18-0071

Upstate Law Group, LLC, a South Carolina limited liability company,	)
Candy Kern-Fuller, a South Carolina resident,	)
Smith & Cox, LLC (CRD #l49088) an Arizona limited liability company,	)
William Andrew Smith (CRD #563882 l) and Kimberly Ann Smith, husband and wife,	)
Christopher Spence Cox (CRD #5639015) and Beth Cox, husband and wife,	)
Respondents.	)

EXPERT REPORT OF
PROFESSOR JOHN P. FREEMAN

I have been retained as an expert witness on behalf of the Securities Division of the Arizona Corporation Commission in the above-captioned cases. I may be called to testify concerning the professional conduct of Respondents Candy Kern-Fuller ("Kern-Fuller") and Upstate Law Group ("ULG"). Kern-Fuller is a licensed South Carolina lawyer. She is the "Managing Partner" of ULG, which is based in Greenville, South Carolina

EXPERT'S BACKGROUND AND QUALIFICATIONS

My name is John P. Freeman. I live at 200 W. Highland Drive #107, Seattle, WA, 98119.

I am a Distinguished Professor Emeritus and hold the John T. Campbell Chair in Business and Professional Ethics Emeritus at the University of South Carolina Law School. I am

a member in good standing of the Ohio, South Carolina, and Washington Bars. I am also admitted to practice before various federal courts, including the United States Supreme Court, the Fourth Circuit Court of Appeals, the Fifth Circuit Court of Appeals, the Eleventh Circuit Court of Appeals and four federal district courts, including the federal district courts for the District of South Carolina and the Western District of Washington.

Following my graduation from the University of Notre Dame Law School in 1970, I worked at the Jones Day law firm (then known as Jones, Day, Cockley and Reavis). I left Jones Day in 1972 to take a Fellowship at the University of Pennsylvania Law School's Center for Study of Financial Institutions. I subsequently received my LL.M. from Penn Law School. In 1973, I joined the faculty of the University of South Carolina Law School. Besides teaching at USC, I have taught at the University of Texas Law School and Loyola Law School in Chicago. I have also worked for the Securities and Exchange Commission as a special counsel. I have consulted with South Carolina's Securities Commissioner and Attorney General on securities matters and have testified on behalf of the Attorney General in securities prosecutions. As a law school professor, I specialized in courses dealing with business matters, securities regulation, legal accounting, white collar crime, legal ethics, and legal malpractice. I am familiar with lawyer disciplinary proceedings, having participated in the litigation of discipline cases as a lawyer and as an expert witness on various occasions.

I have served as a member of the South Carolina Bar's Ethics Advisory Committee and have written various ethics opinions published by the Bar. I taught legal ethics for 35 years at USC Law School, at numerous CLE programs, and at several judicial CLE programs. I have lectured on the standards applicable to lawyer conduct in business transactions and client

financial matters many times. I have long experience in dealing with investment disclosure documents, having written about the topic, having taught about the topic, and having participated in cases involving disputes over investor disclosures many times, as an arbitrator, as a lawyer, and as an expert witness. I have also written repeatedly about lawyers' duties in dealing with investment transactions, including due diligence and investor disclosure issues. Additionally, I have testified on securities-related topics before the United States Senate and the South Carolina Legislature.

Attached as Exhibit 1 is a copy of my current resume which further establishes my credentials as an expert in the fields of securities regulation and lawyer misconduct.

SCOPE OF EXPERT TESTIMONY

By a letter dated May 16, 2019, James Burgess, Senior Enforcement Attorney of the Arizona Securities Division, provided me with background information concerning Kern-Fuller, ULG and others, and asked that I express opinions on certain issues. A copy of that letter is attached as Exhibit 2. In that letter, at pp. 7-8, Mr. Burgess listed the topics upon which my opinions were being sought as follows:

> **Issues On Which We Request Your Opinions**
>
> The Arizona Securities Act provides that an enforcement action "may be brought against any person . . . who made, participated in or induced the unlawful sale or purchase. . . . *No person shall be deemed to have participated in any sale or purchase solely by reason of having acted in the ordinary course of that person's professional capacity in connection with that sale or purchase."* A.R.S. § 44-2003(A) (Emphasis added).
>
> Based on the foregoing information about what we expect the evidence at hearing will include, what is your opinion of whether Ms. Kern-Fuller acted in the ordinary course of her professional capacity as a lawyer licensed in South Carolina in connection the sales or purchases of the investments at issue? What are the professional standards applicable to a South Carolina lawyer with respect to transactions like those described

above and set forth in the enclosed documents? Did Ms. Kern-Fuller conform to those standards? Did Ms. Kern-Fuller act within or outside of the ordinary course of her professional capacity? If Ms. Kern-Fuller acted outside the ordinary course of her professional capacity, how so?

I address the listed issues below, providing my opinions and supporting reasons.

This Report sets forth the opinions I hold as an expert as of the date it is signed. I reserve the right to alter or supplement my opinions and reasons as additional material becomes available to me.

FACTS OR DATA RELIED UPON IN FORMING OPINIONS

The factual statements at pp. 1-7 of the May 16, 2019 letter attached as Exhibit 2, have been accepted as true. Transmitted with the letter were the following items which I have reviewed and relied upon:

- "Structured Income Assets" presentation, proposed hearing exhibit S-35, ACC000333-343 (from BAIC, Inc. et al. case file)
- "Structured Assets Buyer's Guide", proposed hearing exhibit S-20, ACC000324-333 (from Performance Arbitrage case file)
- S-58, Bates Nos. ACC002455-2546 (from BAIC, Inc. et al. case file)
- S-90, ACC000438-489 (from BAIC, Inc. et al. case file)
- S-21, ACC000376-458 (from Performance Arbitrage case file)
- S-107 (from BAIC, Inc. et al. case file)

I have also reviewed the Notices of Opportunity for Hearing in these cases, the Answers of Kern-Fuller and ULG thereto, relevant statutory authorities, including ARS § 44-2003, and case law interpreting that statute; 38 U.S.C § 5301, and case law interpreting that statute; and 37 U.S.C. § 701, and case law interpreting that statute. I have also reviewed cease and desist orders issued from April 2013 onward by securities regulators in Arkansas, Iowa, New Mexico, Pennsylvania, Florida and California against Respondent Gamber's prior company, Voyager Financial Group, LLC ("VFG"), for violations of those states' securities laws, including antifraud

violations, arising from the sale of income stream investments involving veterans' pensions and disability benefits. Copies of orders issued in those states, together with more recent related orders issued by securities enforcement agencies in Texas and Mississippi are attached as Exhibit 3 hereto. I have also reviewed pleadings and other materials available on online concerning four civil cases involving Respondents Kern-Fuller, and ULG, McFerren v. Sobell Ridge Corp., Civ. Action No. 6:18-cv-01298-DCC, D.S.C.; Lyons v. BAIC Inc., Case No. 6:17-cv-02362-DCC, D.S.C.; Life Funding Options, Inc. v. Blunt, Civ. Action No. 6:18-944-DCC-KFM, D.S.C.; and Cole v. Simpson, Case No. 2017-CP-23-00560, Greenville S.C. Circuit Court. I have also reviewed the California Superior Court's order in Henry v. Structured Investments, Case No. 05CC00167, Orange County Superior Court, filed September 7, 2011. In addition, I have also conducted factual and legal research concerning facts and legal principles relevant to this matter.

In expressing the opinions and supporting reasons set forth below, I rely upon my research and study, as well as my knowledge, background, training and experience in dealing with investment-related matters and lawyer misconduct.

STATEMENT OF OPINIONS AND REASONS THEREFOR

1. In my opinion, Kern-Fuller acted outside the ordinary course of her professional capacity as a lawyer licensed in South Carolina in connection with the sales or purchases of the investments at issue.

Reasons in Support of Opinion

Kern-Fuller is a lawyer and a member of the South Carolina Bar. She serves as the "Managing Partner" of ULG. As such, she is expected to supervise the behavior of lawyers and staff who work for her law firm, and she is required to adhere to the South Carolina Rules of

Professional Conduct, South Carolina Appellate Court Rule 407, Rules 1.0 to 8.5. Those rules are mandatory. Conduct engaged in by a South Carolina lawyer in violation of one of those rules is wrongful and subject to disciplinary action. Because it is deemed to be forbidden and subject to punishment, violative behavior cannot be said to be conducted "in the ordinary course of that person's professional capacity." The Rules do not directly set standards for civil or criminal liability by lawyers, but the standards are mandatory. Accordingly, they do describe norms which experts like me are permitted to consider in evaluating allegations of unprofessional behavior by South Carolina lawyers.

My review of facts concerning Ms. Kern-Fuller's conduct in furthering the wrongful scheme attacked by the Securities Division of the Arizona Corporation Commission convinces me that it is reasonable from the circumstances to infer that Kern-Fuller has knowingly[1] violated various provisions of the South Carolina Rules of Professional Conduct.

The South Carolina Rules of Professional Conduct strictly prohibit lawyers from engaging in fraudulent or illegal schemes.

Under Rule 1.2(d):

> "A lawyer shall not counsel a client to engage, or assist a client, in conduct that the lawyer knows is criminal or fraudulent."

Rule 4.1 declares:

> In the course of representing a client a lawyer shall not knowingly:
>
> (a) make a false statement of material fact or law to a third person; or
>
> (b) fail to disclose a material fact when disclosure is necessary to avoid assisting a criminal or fraudulent act by a client, unless disclosure is prohibited by Rule 1.6.

[1] Under South Carolina Disciplinary Rule 1.1(h), for purposes of a violation of the Rules, "A person's knowledge may be inferred from circumstances."

Under Rule 8.4:

It is professional misconduct for a lawyer to:

(d) engage in conduct involving dishonesty, fraud, deceit or misrepresentation;

(e) engage in conduct that is prejudicial to the administration of justice.

Other South Carolina ethics rules which I conclude were violated by Ms. Kern-Fuller include Rules 1.3 (duty of diligence), 1.4 (duty to give information), 1.7 (conflict of interest), 1.8 (conflict of interest), and Rule 1.16 (duty to decline or withdraw from representation if the representation will violate the Rules of Professional Conduct or other law).

In support of my view that unethical behavior is not "conduct in the ordinary course of [a lawyer's] professional capacity, I cite Facciola v. Greenberg Traurig LLP, No. CV-10-1025-PHX-FJM, 2011 WL 2268950 (D. Ariz. June 9, 2011). In that case, the Arizona federal district court shed light on what is meant by the "the ordinary course of [a] person's professional capacity" as that safe harbor is outlined in A.R.S. § 44–2003(A). The district court forcefully rejected the defendant law firm's argument that it was entitled to immunity under the safe harbor provision of A.R.S. § 44–2003(A), which provides that "[n]o person shall be deemed to have participated in any sale or purchase solely by reason of having acted in the ordinary course of that person's professional capacity in connection with that sale or purchase." A.R.S. § 44–2003(A). The court in Facciola observed:

> We reject Greenberg's argument that § 44–2003(A) immunizes any lawyer when acting as a lawyer, even if he participates in his client's fraudulent scheme. Allegations that Greenberg knowingly assisted in ML's fraud are obviously acts beyond the ordinary course of Greenberg's professional duties. A lawyer may not continue to provide services to a client when the lawyer knows that the client is engaged in a course of conduct designed to deceive others, and where it is obvious that the lawyer's compliant legal services may be a substantial factor in permitting the deceit to continue. Rules of Prof.

Conduct, ER 1.16. Greenberg's alleged participation in the fraudulent scheme does not fit within the safe harbor of A.R.S. § 44–2003(A).

Facciola v. Greenberg Traurig LLP, No. CV-10-1025-PHX-FJM, 2011 WL 2268950, at *4 (D. Ariz. June 9, 2011).

Here it is unclear whether Kern-Fuller played a role in finalizing the offering documents used to attract investors to the scheme. The fact that the offering documents call for South Carolina law to be applied and call for venue for any dispute "relating" to the offerings to be located in Greenville County, South Carolina, where ULG and Kern-Fuller practice law, does indicate that Kern-Fuller's tie to the documents and the overall pension benefit sales/assignment scheme is more than casual. Also serving to indicate ULG and Kern-Fuller's deep involvement in the investment marketing scheme is the marketing literature provided to investors by ULG's affiliated companies. That literature specifically called attention to Kern-Fuller's law firm having an attorney-client relationship with buyers and performing numerous services, including due diligence, on their behalf. For sales of BAIC and SoBell investments, marketing materials furnished to investors stated:

Buyer's Legal Representation

- Upstate Law Group, LLC of South Carolina is contracted by SMI [a distributor] to provide legal, escrow and payment services for the exclusive benefit of the Buyer and SMI.

- ULG provides a credit report and LexisNexis search report on each individual Seller and provides a transaction summary to the Buyer and SMI for review prior to closing.

- ULG ensures all documentation is complete and the purchased payments are directed to ULG's Trust Account prior to closing.

- ULG prepares and files a UCC-1 to "Perfect" the Buyer's security

interest in the Seller's income.

- All Structured Income Asset monthly payments are processed in Upstate Law Group's Trust Accounts.

"Structured Income Assets" presentation, proposed hearing exhibit S-35, ACC000333-343, at ACC000336 (emphasis added).

To further the sale of PAC investments, marketing materials stated:

> To further protect Buyers, we engage independent counsel through Upstate Law Group, LLC ("ULG") to review all supporting documentation in the Closing Book to ensure the due diligence process is completed as set out in the Buyer's Purchase Assistance Agreement. Additionally, the utilization of ULG for closing the transactions and servicing the ongoing payments ensures a Buyer's funds are always in the hands of an insured escrow agent.

"Structured Assets Buyer's Guide," proposed hearing exhibit S-20, ACC000324-333, at ACC000327. The PAC investment literature also stated:

> Funds escrowed with ULG are held in an IOLTA account (Interest on Lawyers Trust Account) therefore legally segregated from the firm's operating account; and for further protection ULG maintains Lawyers Professional Liability insurance.

S-20 at ACC000330.

I recognize that it is unclear at this point whether Kern-Fuller or ULG originated, reviewed, authorized, approved, or ratified these statements of material fact used in the selling effort and furnished to investors. What is clear is that the statements were made in offering material shared with investors, and the disclosures put Kern-Fuller and her law firm in a very poor light.

The disclosures are incriminating for various reasons. First, they are statements made by ULG and Kern-Fuller's business associates in furtherance of the wrongful scheme in which she

was a key participant.[2] ULG is portrayed as "independent counsel" when in fact it is not independent; it is operating as the banker for the sales program's promoters. ULG is portrayed as working for "the exclusive benefit" of both the buyer and SMI [a distributor], with the term "exclusive benefit" being an oxymoron given the different, conflicting interests existing between a distributor and a buyer. There is no sign of any effective conflict of interest waivers being obtained. Evidently neither Kern-Fuller nor ULG even attempted to secure client waivers.

The picture painted in the sales literature is that ULG would be hard at work "ensuring" that "all documentation is complete" and that a careful "due diligence process has been performed." In fact, the sales literature given to investors falls well below professional standards. It is rife with half-truths, misrepresentations and material omissions. As discussed below, in a South Carolina federal court case, counsel for Kern-Fuller, blithely informed the federal judge that a buyer in one of the pension sale/assignment transactions has no enforceable rights. In contrast, the sales literature given to buyers says the opposite, going on at length in explaining how ULG undertakes to assure and protect buyers' rights to payment on their investments.

What is clear about the cases brought by the Arizona Securities Division and others like them involving military pension scams in which Kern-Fuller and ULG participated, is that each

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[2] Arizona's courts have liberally construed the "participant" safe harbor under the state's blue sky law. See Steinberg, From the Regulatory Abyss: The Weakened Gatekeeping Incentives Under the Uniform Securities Act, 35 Yale L. & Pol'y Rev. 1, 27 (2016):

> Arizona law creates a . . . carve-out scheme, which allows an action to be brought against any person "who made, participated in or induced the unlawful sale or purchase," but then expressly states that "[n]o person shall be deemed to have participated in any sale or purchase solely by reason of having acted in the ordinary course of that person's professional capacity in connection with that sale or purchase." In construing this language, however, the Arizona Supreme Court has clarified that the state securities act contains "sweeping language of inclusion" and is to be liberally interpreted, thereby providing for its applicability in many situations despite the carve-out. [Citing Grand v. Nacchio, 236 P.3d 398, 401 (Ariz. 2010) (en banc).] Indeed, Arizona courts have, in practice, construed the statutory safe harbor for outside professionals narrowly, allowing for primary liability in many instances where an attorney has rendered professional services.

of the scams relied upon a central banker to pass around the money to the seller, the buyer, and the service providers, and Kern-Fuller and ULG filled that bill. Likewise, when veterans realized they had been sold an illegal financial product and ceased payment, Kern-Fuller and her firm were at the ready to represent the financial interests of buyer-investors against pension benefit-selling veterans. See Life Funding Options, Inc. v. Blunt, Civ. Action No. 6:18-944-DCC-KFM, D.S.C., and Cole v. Simpson, Case No. 2017-CP-23-00560, Greenville S.C. Circuit Court.

In my experience, when analyzing financial frauds, it is often educational to "follow the money," and here the money inexorably flowed through Kern-Fuller's firm, with the firm raking in various fees for being the overall scheme's paymaster and money manager. Being the banker for a fraudulent, illegal investment scheme is not, in my opinion, conduct "in the ordinary course of that person's professional capacity in connection with" the purchase or sale of a security.

Highlighting the obviously flawed nature of the investment sales that Kern-Fuller and ULG participated in marketing and effectuating are the seriously deficient disclosures given to the investors who paid for those investments. Various material deficiencies are detailed below.

One disclosure failing was recently highlighted by an admission made in open court by a lawyer speaking on behalf of Kern-Fuller and ULG. At an April 3, 2018, hearing in the South Carolina federal district court case of Lyons v. BAIC, et al., Civil Action No. 6:17-CV-2362, Tr. 8-9, Kern-Fuller and ULG's lawyer, David Overstreet, argued that the military pension benefit investments sold by the three plaintiffs in that case were not covered by the anti-assignment statute because they were not assignments of payments, and they were not assignments of payments because the buyers, the investors, had no legal right to the money. Here is the transcript excerpt where this amazing claim was made:

> With regard to the Anti-Assignment issue, Judge, I will just hit that straight on and tell you our position . . . . [W]ith regard to the Anti-Assignment statute, that is really the gravamen of what we are dealing with here.
>
> The Plaintiffs did sign a document that said this is not an assigned [sic]; but even setting that aside, the difference between this and an actual assignment is that the receiver in this case has no rights. Essentially, in an assignment, when you assign a property, or you assign some other tangible item to someone, the money or the assets have to flow to that individual and they can enforce that. It is not enforceable here, and at any time the Plaintiffs can say, no, Federal Government, stop sending my benefits to the Upstate Law Group, and that is what all three of them did. So, it can't be an assignment if the assignees still maintain control assignors -- assignees still maintain control of the flow, if that makes sense, Judge.

Missing from the sales literature, Closing Books or Fulfillment Kits used sell to the investments in these cases is notice to prospective buyers that the buyer, the person called by Kern-Fuller's attorney, "the receiver in this case," i.e., the investor, "has no rights." Missing from the sales literature used to sell the investments in these cases is notice to prospective buyers that the right to payment they thought they were buying was "not enforceable." These are obviously material omissions. No reasonable investor would pay money for an investment that gave no enforceable right to pay off.

Also missing is, as stated in the Letter from the Arizona Securities Division attached as Exhibit 2, at p. 7, any reference to the Federal Anti-Assignment Acts or any of the authorities finding that the transactions of the nature under attack in the present cases are illegal and unenforceable.

The in-court admission by counsel for Kern-Fuller and ULG that the buyer-investor "has no rights" and that the investment contracts are "not enforceable" do not square with threats included in closing documents executed by sellers brought into the scheme. They are told, "[O]nce this transaction is completed that if you repudiate or breach this agreement you will subject yourself to civil and/or criminal prosecution." When a seller ceased making payment via ULG, a paralegal at ULG would write the seller a letter on ULG stationery, offering this legal advice, consistent with the threat in the veteran's closing documents: "[T]he redirection of your funds if done intentionally is

considered an intentional breach of contract and all legal actions allowable by law will be taken." I find material deception on both sides of the investment contract scheme being furthered by Kern-Fuller and ULG: sellers are deceived into believing they must make payments under pain of civil or criminal prosecution, whereas buyers are being misled into believing they have enforceable legal rights, which they do not.

The in-court admission by counsel for Kern-Fuller and ULG that the buyer-investor "has no rights" and that the investment contracts are "not enforceable" have not deterred Kern-Fuller and ULG from suing pension benefit sellers to collect on those same contracts. That is exactly what she was doing in Life Funding Options, Inc. v. Blunt, Civ. Action No. 6:18-944-DCC-KFM, D.S.C., Cole v. Simpson, Case No. 2017-CP-23-00560, Greenville S.C. Circuit Court, and other cases.

My review of the facts surrounding the investment offerings and sales participated in and effectuated by Kern-Fuller reveals myriad other material facts of which, in my opinion as a lawyer licensed to practice in South Carolina, she had to be aware and was aware, including these:

- It is highly probable that a court would find that the Federal Anti-Assignment Acts prohibit the sale or assignment of the pension and disability payments.
- The sale of veterans' pensions and disability benefits, in schemes identical to that involved here, have been the subject of enforcement orders against the schemes' promoters issued by numerous states' agencies charged with investigating consumer and securities transactions. Those Orders are attached hereto as Exhibit 3. The transactions described in those orders are identical to the transactions in these cases and were conducted by predecessor companies and/or sister companies, VFG, BAIC, and SoBell with which Kern-Fuller and ULG have been affiliated. A close look at these orders is enlightening.

- The Arkansas Securities Commissioner, in April 2013, entered the first of two Cease and Desist Orders, and one Consent Order focusing on these transactions. See, Exhibit 3, pp. 1-13 ("April 2013 Order"); Exhibit 3, pp. 23-29 ("March 2014 Order"); Exhibit3, pp. 39-44 ("Consent Order").
    - The April 2013 Order found that the buyer or investor acquires a contractual right to receive the income stream from the annuity or pension. Exhibit 3, pp. 3-4. "Once the seller (veteran) assigns the right to receive the income stream to the buyer," the seller grants an escrow company a durable power of attorney enabling them to manage the account and the income stream funds received therein. Id.
    - This Order goes on to describe the actions taken by VFG if the seller redirects the benefits or stops making payments; one option includes offering the services of ULG to attempt remediation. Exhibit 3, p. 5.
    - The March 2014 Order specifically noted the following language from the Contract and offered an opinion on the same issue: "On page two, paragraph number five of the Contract for Sale of Payment it states, 'For the consideration described in the Sales Assistance Agreement, Seller shall transfer and sell to Buyer at Closing one hundred percent (100%) of Seller's right, title, and interest in and to Payments.' This is clearly a misstatement in view of federal laws prohibiting the assignment or transfer of federal pensions." Exhibit 3, p. 24. I note in passing that this assignment language is identical to

that included in Veteran Korst and Dancy's Contracts for Sale of Payments at p. 2, para. 5.

- The March 2014 Arkansas Order identifies additional language in the Contract that attempts to circumvent the non-assignability of these pensions; "On page three of the Contract for Sale of Payments it also states, '10.2 BOTH PARTIES INTEND THAT THE TRANSACTION(S) CONTEMPLATED BY THIS CONTRACT FOR SALE SHALL CONSTITUTE VALID SALE(S) OF PAYMENTS AND SHALL NOT CONSTITUTE IMPERMISSIBLE ASSIGNMENT(S), TRANSFER(S), OR ALIENATION OF BENEFITS BY SELLERS AS CONTEMPLATED BY APPLICABLE LAWS; HOWEVER, CERTAIN RISKS PERSIST.' I note that this same language is also found in the Korst and Dancy contracts. The quoted language misrepresents federal laws and court cases that clearly prohibit the assignment or transfer of federal pension payments.
- The Arkansas Consent Order reiterates and recites the same language as the previous two orders, including a striking statistic: "As of August 20, 2012, VFG had facilitated approximately 317 sales in 31 states for an estimated total of $34,245,351.48 and received an estimated $6,724,049.71 in commissions." Exhibit 3, p. 40. Those numbers reflect a compensation rate for VFG alone of approximately

20% of the estimated value of the transactions in commissions paid to the agents, intermediaries, of representatives of these transactions.

- Texas noted that after Arkansas entered two cease and desist orders against Gamber and VFG, they continued to sell these products through BAIC, which is controlled by Gamber. Exhibit 3, p. 64. Texas entered a Cease and Desist Order in February 2016. Exhibit 3, p. 66.
    - Texas went on to find that SoBell and Gamber intentionally failed to disclose (1) the rate of default related to the sale of the pension income streams by the companies owned by Gamber (BAIC, VFG, and SoBell); (2) the assets, liabilities, operating history, and control persons of Performance Arbitrage; and (3) that Defendant Plant was the Vice President of PAC and was also the Director of Compliance for VFG. Exhibit 3, p. 64.
    - Texas concluded that the subject "pension income stream investment opportunity" qualifies as a security, the parties were engaging in fraud, they are making materially misleading statements, and their conduct and acts threaten immediate and irreparable public harm. Exhibit 3, p. 65.
- In November 2014, California found that these investment transactions that were structured and promoted by VFG included veterans' military pension or disability benefits. Exhibit 3, p. 59. California went on to find that VFG failed to disclose that these exact transactions were prohibited by the Anti-Assignment Acts. Exhibit 3, p. 60.

- The Pennsylvania Department of Banking and Securities, in May 2014, described the transactions as follows: "At all times material herein, [VFG] located individuals ("Sellers") who agreed, for a specific period of time, to assign their rights to monthly payments from military, civil ,service, or corporate pensions to investors ("Investors") in exchange for discounted, lump-sum amounts." Exhibit 3, p. 31. Pennsylvania concluded, among other things, that "some or all of the Assignments sold to the Pennsylvania residents were assignments of rights to monthly payments from military pensions, and the assignment of military pensions is prohibited by 38 U.S.C. §5301." Exhibit 3, p. 33.
- The New Mexico Regulation and Licensing Department, Securities Division, concluded, in December 2013, that VFG deceived investors "by representing that the sale of income streams as 'annuities' and/or 'accounts receivable,' and by representing that the transaction is 'valid' and not an 'impermissible assignment,' when in fact, United States government pensions and disability benefits may not be assigned or attached under 37 U.S.C § 701 and/or 38 U.S.C. § 5301." Exhibit 3, p. 19. They also "omitted the material fact that the assignment of income streams is prohibited under" the Anti-Assignment Acts. Exhibit 3, pp. 19-20.
- The Mississippi Secretary of State Securities Division, in February 2017, investigated Gamber, SoBell, BAIC, and VFG. Exhibit 3, p. 68. Mississippi expanded the scope of the investigation and described the role of PAC as well; PAC "offers the investor an opportunity to mitigate the risk of the seller

defaulting on payments by purchasing on Option to Purchase Default Structured Asset Agreement." Exhibit 3, p. 70.

- Mississippi further described ULG's role as safeguarding the purchase fund in their escrow account and coordinating the completion of the Contract as the designated servicing company. Exhibit 3, p. 71. Upstate [ULG] serves as the escrow agent for each transaction conducted by SoBell and BAIC. Exhibit 3, p. 71.
- Mississippi similarly concluded that these companies and Gamber and his affiliated companies failed to disclose (1) default rates of these transactions; (2) the assets, liabilities, and operating history and control persons, and inherent conflicts of PAC; and (3) the assignment of United States Government Pensions and disability benefits is prohibited by Anti-Assignment Acts. Exhibit 3, pp. 75-76.
- Mississippi compared the substantive documents involved in the sales – namely the Contracts for Sale of Payments, Purchase Application, Security Agreements, and Purchase Assistance Agreement – of VFG, BAIC, and SoBell, and found that they are nearly identical. Exhibit 3, p. 71-72.
- Most importantly. Mississippi concluded that "Because of the similarities between the products offered, the offer and marketing methods, the substantive materials used in marketing and effecting transaction, and the overlapping parties, particularly Gamber, Upstate [ULG], and PAC; BAIC, which has sold products into Mississippi,

SoBell, which was formed in Mississippi, and VFG are "indistinguishable ventures." Exhibit 3, p. 76.

- As reflected by the Orders in Exhibit 3 attached hereto, in my opinion, the assignment of payments in the pension stream investment scheme sold to investors can rightly be categorized as a fraudulent act, practice, or course of business. That wrongful behavior necessarily puts a dark cloud over rights of buyers identified in ULG's Fee Agreements as the law firm's "clients."
- Representations about buyers' ability to collect payments materially omitted to disclose that veterans' benefit payments are "exempt from the claim of creditors" under 38 U.S.C. § 5301(a).
- Most damning is a recent portrayal of Kern-Fuller's involvement in the pension benefits sales/assignment scheme based on factual allegations presented to a South Carolina federal district court. The Magistrate Judge sketched out the factual nature of Kern-Fuller's deep involvement in the scheme and the inferences that reasonably could be drawn therefrom:

> [T]he plaintiffs allege that Kern-Fuller controlled the IOLTA account through which payments to and from the defendants flowed in connection with the alleged pension scheme, and she purported to assist veterans in obtaining identity and financial verification documents, reviewed pre-approval documents, gathered information about the veteran's pre-existing creditors, made payments to those creditors, facilitated the execution of the contracts, sued allegedly defaulting veterans in an effort to enforce the agreements, and deducted commissions that were wired to other defendants. . . .
>
> Kern-Fuller helped to verify veterans' "eligibility" for the . . . scheme, provided "advice" to veterans about how to evade the potential scrutiny of the VA regarding the disposition of their benefits, received and wired the funds to close the contracts, and pursued allegedly defaulting veterans through legal action.

McFerren v. BAIC, 2019 WL 1052337, at p6. 5-5, Civ. Action No. 6:18-1298-DCC-KFM (Order signed Jan. 25, 2019).

The court in McFerren found that the facts presented supported a finding that Kern-Fuller and others in the pension benefit scheme "operated or managed a criminal enterprise." Id. The Magistrate Judge's Report was adopted with no changes by the federal district court judge in an order signed on March 5, 2019. See McFerren v. SoBell Ridge Corp., 2019 WL 1045045, Civ. Action No. 6:18-1298-DCC-KFM (Order signed Jan. 25, 2019).

In a second Greenville, South Carolina federal district court case, the same federal judge considered allegations "that Kern-Fuller controlled the IOLTA account through which payments to and from Defendants flow in connection with the alleged pension scheme . . . and that Kern-Fuller assisted veterans in obtaining identification and financial verification documents and sued allegedly defaulting veterans to enforce the agreements." Lyons v. BAIC Inc., 2018 WL 1762550, Case No. 6:17-cv-02362-DCC, D.S.C., Order dated April 12, 2018 at *3. The Judge ruled the allegations sufficed to establish her participation in the operation or management of the overall pension sale enterprise and the exertion of control over it. Id.

In other words, in the Lyons case, enough facts had been alleged to support the claim that Kern-Fuller and the law firm she controls were among the ringleaders of a fraudulent scheme. As someone who has been a member of the South Carolina Bar for over 40 years, I can testify that this is not normal professional behavior for a South Carolina lawyer.

In summary, I hold the opinion that Ms. Kern-Fuller's conduct was outside the ordinary course of her professional capacity as a lawyer licensed in South Carolina because: (1) facts show that her conduct involved numerous violations of the South Carolina Rules of Professional Conduct, (2) facts show that she participated in illegal activity that was so egregious it could lead a reasonable

person to conclude she operated or managed a criminal enterprise, and (3) any South Carolina lawyer found to have participated in such conduct would face disciplinary punishment including possible loss of licensure. See Matter of Kern, 423 S.C. 567, 574, 816 S.E.2d 574, 578 (2018) (punishing lawyer for recklessly assisting client's investment fraud); In re Dobson, 310 S.C. 422, 427, 427 S.E.2d 166, 168 (1993) (lawyer punished for assisting in an investment fraud with the Supreme Court stating, "This Court will not countenance the conscious avoidance of one's ethical duties as an attorney."). My views as to Kern-Fuller apply equally to ULG, the law firm she heads and controls and for which she was acting within the scope of her employment.

2. The professional standards applicable to a South Carolina lawyer with respect to transactions like those described above and set forth in Exhibit 2, is that a South Carolina lawyer is required to render services with the degree of skill, care, knowledge, and judgment usually possessed and exercised by members of the profession. Holy Loch Distribs., Inc. v. Hitchcock, 340 S.C. 20, 26, 531 S.E.2d 282, 285 (2000). This standard necessitates adherence to ethical requirements. In South Carolina, when serving as counsel in specialized matters, such as securities matters, lawyers are required to possess the requisite know-how when they accept the matter, or, upon retention, to upgrade their know-how so they are competent to handle the matter, or associate counsel with special skills to assist them in handling the matter competently, or to decline to work on the matter due to not having the requisite skills.

Reasons in Support of Opinion

It is well known that investment-related matters are specialized types of legal business and call for extreme care and diligence on the part of lawyers helping clients with such matters. Some lawyers refuse to work on any securities sales matters at all for that reason. Others associate counsel having specialized skills to assist in performing the work.

Malpractice insurers are leery of providing coverage for securities work by lawyers and tend to require lawyers who do securities work to supply detailed information when seeking malpractice coverage. See Lawyers Insurance Group, Legal Malpractice Insurance Securities Lawyers, available at http://lawyersinsurer.com/legal-malpractice-insurance-securities-lawyers/ ("Securities law . . . and other practice areas that the insurers consider higher risk, require completion of a supplement."). In my years of teaching legal ethics in South Carolina the applicable guidance given and received was this: Where special skill is required by a lawyer, the lawyer needs to possess that skill at the outset, or acquire that skill through research and study, or associate counsel to assist who has that necessary skill, or decline the representation. This requirement is found in Rule 1.1 of the South Carolina Rules of Professional Conduct which mandates that lawyers handle matters competently.

3. In my opinion Ms. Kern-Fuller did not conform to the professional standards applicable to a South Carolina lawyer with respect to transactions like those described above.

Reasons in Support of Opinion

Assisting or participating in furthering a long-running scheme involving investment frauds is taboo for anyone, and especially lawyers. As noted above, South Carolina's Supreme Court has not hesitated to punish lawyers who furthered fraudulent investment schemes. See, e.g., Matter of Kern, 423 S.C. 567, 574, 816 S.E.2d 574, 578 (2018) (punishing lawyer for recklessly assisting client's investment fraud); In re Dobson, 310 S.C. 422, 427, 427 S.E.2d 166, 168 (1993) (lawyer punished for assisting in an investment fraud with the Supreme Court stating, "This Court will not countenance the conscious avoidance of one's ethical duties as an attorney."). I filed the grievances and testified in both the Kern and Dobson ethical disciplinary proceedings which resulted

in license suspensions. I also filed the grievance leading to the disbarment of a South Carolina lawyer for serious trust account fraud. See In re Breibart, 414 S.C. 540 779 S.E.2d 796 (2015) (lawyer disbarred for multiple instances of wrongdoing, including repeatedly using trust account in the execution of client frauds).

In my opinion, a lawyer called on to participate in the pension sale /assignment program of the sort with which Kern-Fuller was associated, would need at the outset to carefully perform a due diligence investigation of the program, its operators, its track record, the promoters' track records, the quality of disclosures to veterans and investors, the material factual statements that were being made or were not being disclosed to veterans and investors, past and ongoing legal proceedings involving the offering companies and their control persons, the presence of actual or potential conflicts of interests, the necessity of seeking conflict waivers, and the legitimacy of the program under state and federal law, including the extent to which the offerings and the persons involved therein were registered or exempt from registration under the federal and state securities laws. In this age of Google, Westlaw, and Lexis-Nexis searching, and FOIA request capabilities, performing a competent due diligence investigation is easier than it has ever been. There is no indication that Kern-Fuller made a competent due diligence investigation, or even attempted one.

The facts presented require that any lawyer who would participate in the transactions as the central banker for buyers, sellers and middlemen would need to possess that skill needed to carefully vet all facts about the program at the outset (which she did not), or acquire that skill through research and study (which she did not), or associate counsel to assist who has that necessary skill (which she did not), or decline the representation (which she did not). Instead, in my opinion, she knowingly assisted an illegal program which had the potential for injuring both buyers and sellers while participating as its central banker and legal counsel to parties with conflicting interests.

This is substandard professional conduct, violative of Rule of Professional Conduct 1.1 (duty of competence) and the other disciplinary rules cited above.

4. Ms. Kern-Fuller acted outside of the ordinary course of her professional capacity when she participated in the pension sale/assignment scheme that is the subject of this proceeding.

Reasons in Support of Opinion

It is well known to, and understood by, South Carolina lawyers that the South Carolina Rules of Professional Conduct state the standards of conduct lawyers are required to adhere to when practicing law. The Rules are mandatory. Lawyers who operate outside the Rules, i.e., in violation of the Rules, are not acting within "the ordinary course of [their] professional capacity" as South Carolina lawyers. Rather, they are acting unprofessionally and are subject to discipline, as happened in the Kern and Dobson lawyer discipline cases cited above. I filed the grievances and testified in both of those legal ethics cases. There is no safe harbor in South Carolina protecting lawyers who do legal work that furthers conduct which the lawyer knows, or is reckless in not knowing, to be fraudulent or illegal.[3] As stated above, in my opinion, Kern-Fuller

[3] In this report I sometimes refer to "reckless" behavior. The scienter standard I use in forming the opinions involving recklessness are drawn from the demanding standard set forth in the leading case of Sundstrand Corp. v. Sun Chemical Corp., 553 F.2d 1033 (7th Cir. 1977). According to a WESTLAW count, Sundstrand has been cited and relied upon by more than 2000 cases. The court in Sundstrand made clear that recklessness is a sufficient scienter standard for establishing fraud or deceit at common law and under the securities laws:

> At common law reckless behavior was sufficient to support causes of action sounding in fraud or deceit. Since there is no hint in Hochfelder that the Court intended a radical departure from accepted Rule 10b-5 principles, it would be highly inappropriate to construe the Rule 10b-5 remedy to be more restrictive in substantive scope than its common law analogs. . . . Therefore, we hold that a reckless omission of material facts upon which the plaintiff put justifiable reliance in connection with a sale or purchase of securities is actionable under Section 10(b) as fleshed out by Rule 10b-5.
>
> Apparently the only post-Hochfelder reported definition of recklessness in the context of omissions appears in Franke v. Midwestern Oklahoma Development Authority, 428 F. Supp. 719 (W.D. Okl.1976):

violated multiple Rules of Professional Conduct promulgated by the South Carolina Supreme Court. Because of her dereliction of her professional duties, she acted outside of the ordinary course of her professional capacity when she participated in the pension sale/assignment scheme that is the subject of this proceeding.

Based on my factual review, Kern-Fuller and ULG face a mountain of evidence showing she was a key player in the pension sale/assignment scam that is attacked in these cases and has attracted great attention on a national scale. The conduct of the investment promoters with whom Kern-Fuller became affiliated and with whom she participated presented suspicious facts and circumstances and "red flags" demanding close, careful study of the legitimacy of the

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> "reckless conduct may be defined as a highly unreasonable omission, involving not merely simple, or even inexcusable negligence, but an extreme departure from the standards of ordinary care, and which presents a danger of misleading buyers or sellers that is either known to the defendant or is so obvious that the actor must have been aware of it."
>
> As the Supreme Court conceded in Hochfelder:
>
> "In certain areas of the law recklessness is considered to be a form of intentional conduct for purposes of imposing liability for some act." 425 U.S. at 193-194 n. 12, 96 S.Ct. at 1381.
>
> The Franke definition of recklessness is "the kind of recklessness that is equivalent to wilful fraud". . . . Indeed, the Franke definition of recklessness should be viewed as the functional equivalent of intent. . . . Under this definition, the danger of misleading buyers must be actually known or so obvious that any reasonable man would be legally bound as knowing, and the omission must derive from something more egregious than even "white heart/empty head" good faith.

Sundstrand Corp. v. Sun Chemical Corp., 553 F.2d 1033, 1044-45 (7th Cir. 1977). South Carolina's Supreme Court approved the Franke/Sundstrand formulation of scienter in State v. Sterling, 396 S.C. 599, 615, 723 S.E.2d 176, 185 (2012). Sterling was a criminal securities case. The trial court in a jury had used a jury instruction that defined scienter, i.e., fraudulent intent, as follows:

> I would further charge you that scienter may be established by a showing of knowing misconduct or severe recklessness. Proof of such recklessness would require a showing that the defendant's conduct was an extreme departure of [sic] ordinary care which would present a danger of misleading buyers or sellers that is known to the defendant or is so obvious that the defendant must have been aware of it.

State v. Sterling, 396 S.C. 599, 615, 723 S.E.2d 176, 185 (2012). South Carolina's Supreme Court approved this instruction and the defendant was convicted of fraud. I testified as an expert on behalf of the prosecution in Sterling.

program. Among the red flags that were waving and were deliberately or recklessly ignored by Kern-Fuller were the various publicly available cease and desist orders issued against her business affiliates, various lawsuits attacking such schemes, and disclosure documentation for the investment offerings that concealed more key information than was revealed. Lawyers who ignore red flags in investment matters do so at their peril. See SEC v. Martin, 1983 WL 1365 (D.D.C.), Fed. Sec. L. Rep. ¶ 99,509 (SEC Consent Order filed October 4, 1983), copy attached as Exhibit 4.

Rather than react with circumspection and great care in investigating the facts and circumstances and red flags that were evident and called for great caution and scrutiny, Kern-Fuller proceeded deliberately, or at least recklessly, embraced her role in the wrongful scheme without any sign of the professional skepticism that was called for. Indeed, Kern-Fuller was not only the scheme's banker, she and her law firm also served as one of the scheme's main enforcers, suing veterans who stopped paying.

Given the grave professional and financial risks facing professionals who lend their names and services to furthering investment frauds, Kern-Fuller was on notice that she faced great peril by lending her name, reputation and law license to further the wrongful scheme attacked in these cases. In my opinion, no reasonable South Carolina lawyer would have done so unless it was clear beyond question that the investment offering was proper and lawful under state and federal law. In my opinion, Kern-Fuller proceeded intentionally or at least recklessly, averting her eyes to the danger of misleading investors which was readily visible. In my opinion, no reasonable South Carolina lawyer would have acted in such a reckless, unprofessional manner.

The leading Arizona securities law treatise is Richard G. Himelrick, Arizona Securities Law: Civil Liability, Defenses, and Remedies (State Bar of Ariz., 5th ed. 2018). Section 5.1.15 of that treatise covers "Section 44-2003(A)'s Safe Harbor." At the end of that section, the author sums up:

> Most professions have rules or standards that identify unprofessional conduct. For example, in the legal profession it is unprofessional conduct for a lawyer to engage in conduct involving dishonesty, fraud, deceit, or misrepresentation. . . . Professionals who knowingly or recklessly violate the standards of their profession when advising their clients are not providing legitimate professional advice for which statutory protection should exist.

That quoted analysis is clear, succinct, and, in my opinion, unassailable. Under that analysis and based on the factual survey presented above in this report, Kern-Fuller and her law firm deserve and should receive no safe-harbor protection in either of the Arizona Securities Commission's pending proceedings.

I hold the foregoing opinions to a reasonable degree of professional certainty as an expert in the fields of securities regulation and lawyer misconduct. As stated above, I reserve the right to amend or supplement my opinions as further information becomes available to me.

EXHIBITS TO BE USED TO SUPPORT OPINIONS

No Exhibits at this time other than those attached.

DATA REGARDING EXPERT'S PERSONAL BACKGROUND AND QUALIFICATIONS

See pp. 2-4, supra, and detailed resume set forth below as Exhibit 1.

STATEMENT OF COMPENSATION

No compensation. I am volunteering my time, efforts and expertise.

LISTING OF CASES IN WHICH EXPERT

JOHN FREEMAN TESTIFIED
OVER THE LAST FOUR YEARS

Tinkler v. Dewees Island Property Owners Ass'n
Testified at trial re governance issues
Counsel for Plaintiffs is Matt Yelverton

Bell v. McGowan
Testified at re malpractice
Counsel for Plaintiffs Cam Lewis

In Re: Infinity Business Group, Inc., Debtor
Deposition and trial testimony re business investment issues in bankruptcy case
Counsel for Trustee is Clarence Davis

Byrdnest, LLC, et al. v. Ramaci, et al.
Testified at deposition re securities and governance issues
Plaintiff's counsel is Ben Traywick

In Re: Medical Management Group, LLC
Testified at deposition re business issues
Plaintiff's counsel is Biff Sowell

Harty v. Aylor
Testified at deposition in malpractice case
Plaintiff's counsel is Alan Lazenby

Peak Insurance v. Horger
Testified at arbitration in malpractice case
Plaintiff's lawyer is Ric Gass

Waverly POA v. Wieland Homes
Testified at deposition and trial in developer liability case
Plaintiff's lawyer is John Hayes

Truitt v. Popowski Law Firm
Testified at deposition in fiduciary duty case
Plaintiff's lawyer is Tom Pendarvis

Wellin Estate Litigation
Testified at deposition in fiduciary duty case
Plaintiff's lawyer is Jamie Hood

Billips v. Billips

Testified at deposition in oppression case
Plaintiff's lawyer is Grady Query

O'Shields v. Piedmont Glass & Mirror Co., Inc.
Testified at trial in oppression case
Plaintiff's lawyer is Thomas Belenchia

Dated: 5/30/19

John Freeman
John P. Freeman

RESUME
John P. Freeman
Professor of Law Emeritus

Address and phone numbers:

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Unit 107
Seattle, Washington 98119
(803) 361-6934
jfreemanusc@gmail.com

Education history:

LL.M., 1976, University of Pennsylvania Law School; J.D., 1970, University of Notre Dame Law School; B.B.A., 1967, University of Notre Dame (Accounting)

Employment history:

1970-72, Attorney, Jones, Day Law Firm, Cleveland, Ohio

1972-73, Fellow, University of Pennsylvania Law School Center for the Study of Financial Institutions

1973-75, Assistant Professor of Law, University of South Carolina

1974 and 1975 (Summers), Special Counsel, Division of Investment Management, SEC, Washington, D.C.

1975-78, Associate Professor of Law, University of South Carolina; Visiting Associate Professor of Law at Loyola Law School (Chicago) Spring 1977

1978-2008, Professor of Law, University of South Carolina; Visiting Professor of Law at University of Texas Law School, summer 1978

Present:

Distinguished Professor Emeritus and John T. Campbell Chair in Business and Professional Ethics Emeritus

EXHIBIT 1

Honors and Awards: Undergraduate:	Member Beta Alpha Psi (Honorary Accounting Fraternity)
Law School:	Executive Editor, Notre Dame Lawyer; Distinguished Military Graduate
Professional:	At University of South Carolina Law School: Senior Class Annual Outstanding Faculty Award of 1975, 1976, 1977, 1984 Winston Churchill Award, South Carolina Jury Trial Foundation 1995; Distinguished Service Award, South Carolina Trial Lawyers Association 2000; Appointed Member, South Carolina Judicial Merit Selection Commission (presently serving) John Belton O'Neall Inn of Court McDonald/Rhodes Award 2010
Admitted to Practice:	Ohio; South Carolina; Washington
Teaching History Courses Taught:	Professional Responsibility, Legal Accounting, Business Associations, Corporations, Agency-Partnership, Securities Regulation, Corporate Finance, Business Planning, Legal Research and Writing, Business Crime, Legal Malpractice Component of Advanced Legal Profession Seminar

Scholarly and Professional Publications

Author, 1999-2008, Regular Legal Ethics Column for the South Carolina Lawyer.

Article, Protecting Judicial Independence, 6 Charleston L. Rev. 511 (2012).

Article, Appearance of Impropriety, Recusal, and the *Segars-Andrews* Case, 62 S.C.L. Rev. 485 (2011).

Article (with Stewart Brown and Steve Pomerantz), Mutual Fund Advisory Fees: New Evidence and a Fair Fiduciary Duty Test, 61 Okla. L. Rev. 83 (2008).

Article, The Mutual Fund Distribution Fee Mess, 32 J. Corporation Law 739 (2007).

Viewpoint, Say No to Vending Machine Justice, S.C. Lawyer, July 2007, at 8.

Article, It's the Conflict of Interest, Stupid, Money Mgm't Exec., May 17, 2004, at 14.

Chapter on Legal Opinion Liability in Legal Opinion Letters A Comprehensive Guide to Opinion Letter Practice (M. John Sterba, Jr., ed. 2003) (plus annual updates).

Chapter in South Carolina Damages Treatise on Damages in Securities Cases (2004).

Article, The Ethics of Using Judges to Conceal Wrongdoing, 55 S.C.L. Rev. 829 (2004).

Article (with Stewart Brown), Mutual Fund Advisory Fees: The Cost of Conflicts of Interest, 26 J. Corporation Law 610 (2001).

Article, Liens, Fees and Taxes, South Carolina Trial Lawyer, Summer 2000, at 26.

Article, A Business Lawyer Looks at the Internet, 49 S.C.L. Rev. 903 (1998).

Article, Payments to Medical Care Providers: What Are the Lawyer's Obligations? South Carolina Lawyer, September-October 1994, at 39.

Article, Current Developments in Lawyer Liability: Coping with the Fraudulent Client, Delaware Lawyer, Winter 1993, at 27.

Article, Treble Damage Statutes Can Increase Trust Recoveries, 4 Probate Practice Reporter, June 1992, at 1.

Article (with Nathan Crystal), Scienter in Professional Liability Cases, 42 S.C.L. Rev. 783 (1991).

Article, How Computerized Databases Are Redefining Due Diligence, Carolina Lawyer (July-August 1991).

Article, When Are Lawyers' Gifts to Judges Improper? Carolina Lawyer (November-December 1990).

Article, Current Developments in Legal Opinion Liability, 1989 Col. J. Bus. L. 235.

Article, Understanding the Joint Client Exception to the Attorney-Client Privilege, Carolina Lawyer (July-August 1989).

Article, A RICO Primer, 1985 Small Business Counselor No. 4.

Article, The Use of Mutual Fund Assets to Pay Marketing Costs, 9 Loy. Chi. L.J. 553 (1978).

Article, Marketing Mutual Funds and Individual Life Insurance, 28 S.C.L. Rev. 1-124 (1976), reprinted in Nat'l Ins. L. Rev. Serv. (1977).

Article, Opinion Letters and Professionalism, 1973 Duke L.J. 371-439, reprinted in Securities Law Review 1974 (E. Folk, III, ed.).

Co-author, Multi student Survey, The Mutual Fund Industry: A Legal Survey, 44 Notre Dame Lawyer 732-983 (1969).

Case Comment, Escott v. BarChris Constr. Corp., 44 Notre Dame Lawyer, 122-40 (1968).

Other Scholarly Activities

Speeches (with accompanying outlines) presented at numerous CLE courses sponsored by various entities including the South Carolina Bar, University of South Carolina Law School and the South Carolina Supreme Court.

CLE Presentations 2004-16: Special Relationships and Legal Ethics, Oct. 14, 2016, S.C. Bar, Columbia, S.C.; Who's My Client? Understanding the Relationship Between In-House Attorneys, Members and Lobbyists, SC House of Representatives In-House CLE, Oct. 13, 2016, Columbia, S.C.; Incivility, Attempted Shaming and Other Ethics No-Nos, South Carolina Public Defender Ass'n, Sept. 28, 2016, Myrtle Beach, SC; Pascoe v. Wilson and other Ethics Lessons, Lexington County Bar Ass'n, August 4, 2016; Ethical Issues for South Carolina Environmental Practitioners, June 3, 2016, Columbia SC; Hot Ethics Issues for Environmental/Regulatory Practitioners, Jan. 22, 2016, S.C. Bar, Charleston, S.C.; S.C. Bar, Business Lawyer Horror Stories II, Oct. 3, 2014; Greenwood, S.C., S.C. Ass'n of Criminal Defense Lawyers, "Whose Theme and Theory is it Anyway?" July 11, 2014; Ft. Worth, Texas, Advice on Duties Owed by Members of the Board of Trustees, May 16, 2014; Charleston Bar Ass'n, 20 Ethics Tips for a Happier Professional Life, Feb. 7, 2014;2004-13: Ass'n of S.C. Claimants Attorneys for Workers Compensation, Ethics Seminar March 22, 2013; SC Bar, Ethical Issues in Working with Vets and Their Families, Feb. 12, 2012; Expert Witness Participant, SC Bar-ABOTA, Masters in Trial Program, Feb. 1, 2013; SC Bar, Ethical Issues in Handling VA Appeals, Jan. 12, 2013; SC Bar, Ethical Issues in a Non-Adversarial System, Dec. 11, 2012; Richland County Bar Ass'n Ethics CLE, Nov. 9, 2012;University of South Carolina Law School, Alumni Reunion Ethics CLE, Nov. 3, 2012; General Assembly Legal Staff, Ethics for Government Lawyers, Oct. 3, 2012; Setzler Scott Law Firm (In-house CLE), West Columbia, SC, Ethics CLE, Feb. 14, 2012; Charleston Law School, Panel, Symposium on Lawyer and Judicial Fitness, Feb. 10, 2012; Charleston County Bar Ass'n, Ethics CLE, Feb. 3, 2012; SC Bar, Panel on Lawyer Confidentiality, Jan. 19, 2012; Nov. 15, 2011, SC Workers Comp. Comm., Legal Ethics; Richardson Patrick-Sponsored CLE, Charleston, SC, April 29, 2011; North American Securities Administrators Ass'n, Ethics in Securities Litigation, Charleston, Jan. 24, 2011; Richland County Legal Ethics Update, Nov. 5, 2010; S.C. Law Review Symposium, Judicial Recusal, Oct. 21, 2010; League of Women Voters, Lecture on Judicial Selection, Oct. 8, 2010, Charleston, S.C.; KershawHealth Board of Directors, Advice on Your Duties as Board Members, July 15, 2010, Camden, SC; American Ass'n of Matrimonial Lawyers, Ethics in Marital Cases, March 19, 2010 (Aruba), John Belton O'Neall Inn of Court, Ethics Lessons Taught by Lawyers, Nov. 17, 2009; South Carolina Defense Trial Lawyer's Ass'n, Judicial Selection in South Carolina, Nov. 7, 2009; Richland County Bar Ass'n, Legal Ethics, Nov. 6, 2009; South Carolina Legislature

Employees, Legal Ethics Update, Oct. 21, 2009; Budget & Control Board, Ethics Lecture to SC State Employees, Oct. 2, 2009; South Carolina Bar, Family Law Ethics Update, Sept. 18, 2009; Motley Rice Law Firm, Legal Ethics Update, Sept. 11, 2009; South Carolina Judicial Selection Commission, Judicial Ethics, July 31, 2009; John Belton O'Neall Inn of Court, Ethics of Advertising Firms, Jan. 20. 2009; S.C. Bar, Ethics Presentation "Business Lawyer Horror Stories, Nov. 21, 2008; Participant, Mutual Fund Industry Regulation Roundtable, Chicago-Kent Law School, Nov. 7, 2008; SC Legislature, Ethical Duties of Legislative Employees, Oct. 2, 2008; SC Bar, Dealing with Ethical Duties When Dealing with Pro Se Parties, Oct. 10, 2008; Richardson Patrick Local Counsel CLE, Litigation Ethics, May 2, 2008 (Charleston, SC); Inst. of Public Utilities, 39th Ann. Reg. Policy Conf., Panel on Equity and Responsibility in the Public Utilities Sector (Charleston, SC), Dec. 3, 2007; S.C. Attorney General's Office; Litigation Ethics, Nov. 9, 2007; Richland County Bar, Ethics Update, Nov. 2, 2007; SC Bar, Litigation Ethics, Oct. 26, 2007; S.C. Children's Law Center, Ethical Problems in the Child Abuse Area, Oct. 19, 2007; National Ass'n of Medicaid Fraud Control Units, Ethics and the Government Lawyer (Savannah, Ga.), Oct. 1, 2007; SCACPA Litigation Conf., Litigation Ethics (Kiawah Island, SC), Sept. 21, 2007; S.C. Circuit Court Judges, May 17, 2007, Practice Tips in Civil Litigation; Energy & Mineral Law Foundation, May 15, 2007, Panel Member, Legal Ethics, 2 hr.; S.C. Government Investigators, Ethical Duties of Investigators, Feb. 23, 2007; S.C. Bar, Employment Law Section, Ethics Update, Jan. 26, 2007; S.C. Association of Counties, Ethics Update, Dec. 8, 2006; Lexington County Bar Ass'n, Ethics Update, Dec. 6, 2006; Richland County Bar, Ethics Update, Nov. 3, 2006; S.C. State Government Lawyers, Ethics Update, Nov. 3, 2006; S.C. Judicial Merit Selection Commission, Overview of Judicial Ethics, Sept. 14, 2006 (½ hr.); Federal Bar Ass'n, SC Bar, Ethics and Professionalism, Sept. 8, 2006; Commercial Law League of America, Avoiding Grievances and Malpractice Worries in Your Practice, July 6, 2006, Asheville, N.C. (2 hours); National Structured Settlement Trade Ass'n, Ethics in Litigation, Westin Rio Mar, Puerto Rico, May 9, 2006; S.C. Chamber of Commerce, Legal Ethics for the Employment Lawyer, Hilton Head, S.C., May 6, 2006; American Ass'n Matrimonial Lawyers, Ethic Lecture, Los Cabos, Mexico, March 11, 2006; SC Bar, Legal Ethics for Health Care Providers, Jan. 28, 2006; S.C. Association of Counties, Ethics Update, Dec. 9, 2005; SCTLA, Making Money Out of Discovery Abuse, Dec. 2, 2005, Atlanta; Ass'n of S.C. Claimants Attorneys for Workers Compensation, Ethics Seminar, Nov. 4, 2005, Asheville; S.C. Bar, Ethics in Masters Court, Oct. 14, 2005; N.C. Bar-S.C. Bar Construction Law Ethics Program, Asheville, Oct. 1, 2005; S. C. Bar, Unauthorized Practice Problems in Probate Court, Sept. 16, 2005; Greenville County Solicitor's Office, Prosecutorial Ethics, May 9, 2005; Mass Tort Seminar, NYC, Discovery Abuse Issues, March 18, 2005; S.C. Ass'n of Counties, Legal Ethics, Dec. 10, 2004; Federal Bar Ass'n, S.C., Ethics CLE, Dec. 10, 2004 ½ hr.; S.C. Bar Construction Law Section, Ethics CLE on the new Oath; Dec. 3, 2004; NASAA, Salt Lake City, Legal Ethics for Securities Enforcement Lawyers, Dec. 4, 2004; DSS Ethics Training, Dec. 3, 2004; (2-hr. lecture); PIABA, Ethics for Securities Lawyers, and Comments on the Mutual Fund Mess, Oct. 20, 2004 (2 hrs.); Commercial Law League of America, Southern Region Members' Ass'n, Ethical Issues in Commercial Law, Oct. 1, 2004; S.C. Bar, Annual Probate Bench/Bar, Ethics in Probate Court, Sept. 17, 2004; Charleston Bar Ass'n, Lawyer's Oath Seminar, August 27, 2004; S.C. Government Lawyers, Legal Ethics for Government Attorneys, August 20, 2004; S.C. Judiciary, Judicial Ethics Lecture, August 19, 2004; S.C. Bar, Accounting for Non-tax Lawyers, May 2, 2004; Palmetto Land Title Ass'n, Ethics for Closing Attorneys, April, 24, 2004; Richardson, Patrick Law Firm, CLE on Legal Issues Concerning the Mutual Fund Mess, March 26, 2004;

S.C. Bar, An Update on Ethical Considerations for the Guardian, March 5, 2004; S.C. Prof. Society on the Abuse of Children, Ethics and Child Abuse, Feb. 26, 2004; National Ass'n of State Boards of Accountancy, Professionalism, Accountability and the Accounting Profession, Feb. 9, 2004; Fidelity Nat'l Title, Ethical Duties of Closing Attorneys, Feb. 5, 2004; S.C. Bar, Annual Convention, Ethical Issues in Handling the Appeal, Jan. 22, 2004 (co-presenter).

Member, ABA Section of Business Law Task Force on Legal Opinions
Participant in Conference on Legal Opinions at Silverado, California, May 31-June 3 (1989).

University and Community Service
Author, Report on Tax Sheltered Annuities to USC Faculty and Staff (1976).
Faculty Senate (1996-98)

University Committees
Promotion and Tenure
Faculty Welfare

Annuities and Insurance
Budget Committee

Law School Committees
Faculty Selection
Academic Standing
Minority Student Affairs
Executive Committee
Dean Evaluation Committee
Dean Search Committee
Chairman, Supreme Court Commission on CLE and Specialization(1980-83)
President, Leaphart Elementary School PTO (1983)
Chairman, Irmo Middle School School Improvement Council (1985)
Member, Irmo Middle School School Improvement Council (1985-89),
President, Irmo High School Parent, Teacher, Student Association (1988-89, 1992-93) Member Executive Board (1988-93)
Member, Irmo High School-School Improvement Council (1988-93)
Founder and Past-president, University of Notre Dame Club of South Carolina
Lexington District Five and South Carolina State School Volunteer of the Year 1993

ARIZONA CORPORATION COMMISSION
Powering Arizona's Future
Securities Division

May 16, 2019

Via Email & Federal Express

John P. Freeman, Esq.
200 W. Highland Drive, Unit 107
Seattle, Washington 98119

Re: Candy Kern-Fuller, Esq. and Upstate Law Group, LLC

Dear Professor Freeman:

Thank you for your willingness to review this matter. Since we last communicated earlier this week, I have learned that the hearing scheduled for June 17-28, 2019, which is for our first case, will almost certainly be postponed, at least as to Candy Kern-Fuller and Upstate Law Group, LLC ("ULG"). Ms. Kern-Fuller's attorneys have informed us that she needs to have emergency back surgery and will be unable to travel in June. We expect that the claims alleged against Ms. Kern-Fuller and ULG in our first case will be consolidated for hearing with our second case, which is scheduled for hearing for August 19-30, 2019.

We are writing to request your opinions regarding the conduct of Ms. Kern-Fuller and ULG as alleged in the two enforcement actions our office has filed against them. This letter will refer to Candy Kern-Fuller and ULG collectively as "Ms. Kern-Fuller." On May 10, 2019, we sent you the two Notices of Opportunity for Hearing ("Notices") setting forth Ms. Kern-Fuller's alleged conduct, and the Answers Ms. Kern-Fuller filed in response to the Notices.

The first action is captioned *BAIC, Inc. et al.*, and addresses 53 investments sold to Arizona investors between October 2013 and November 2015. The second case is captioned *Performance Arbitrage Company, Inc. et al.*, and addresses 6 investments sold to Arizona investors between March 2017 and June 2017.

Facts You May Assume The Evidence Will Show

For purposes of providing your opinions, please assume that the issues and evidence at the hearing(s) will include the following information:

EXHIBIT 2

Candy Kern-Fuller is a partner in ULG, and she practices law from ULG's offices in Easley, South Carolina.

The investments at issue involved a program where a U.S. military veteran (the seller) receiving an income stream from a retirement pension from Defense Finance and Accounting Services ("DFAS") or disability benefits from the Department of Veteran Affairs ("VA") sold a number of the future payments (typically 60 monthly payments) from the pension or disability benefits to an investor (the buyer) in exchange for a discounted lump sum payment.

A central issue is whether federal law prohibits the sale of a veteran's pension or disability benefits payments. 38 U.S.C. § 5301(a) states in part:

> **(1)** Payments of benefits due or to become due under any law administered by the Secretary shall not be assignable except to the extent specifically authorized by law, and such payments made to, or on account of, a beneficiary shall be exempt from taxation, shall be exempt from the claim of creditors, and shall not be liable to attachment, levy, or seizure by or under any legal or equitable process whatever, either before or after receipt by the beneficiary.
>
> ...
>
> **(3)(A)** This paragraph is intended to clarify that, in any case where a beneficiary entitled to compensation, pension, or dependency and indemnity compensation enters into an agreement with another person under which agreement such other person acquires for consideration the right to receive such benefit by payment of such compensation, pension, or dependency and indemnity compensation ... such agreement shall be deemed to be an assignment and is prohibited.
>
> ...
>
> **(C)** Any agreement or arrangement for collateral for security for an agreement that is prohibited under subparagraph (A) is also prohibited and is void from its inception.

37 U.S.C. § 701 states that "[a]n enlisted member of the Army, Navy, Air Force, or Marine Corps may not assign his pay, and if he does so, the assignment is void." We are enclosing with the Fed Ex copy of this letter 37 U.S.C. § 701 and 38 U.S.C. § 5301. We refer to these statutes as "the Federal Anti-Assignment Acts."

In the *BAIC, Inc.* case, the investments were offered through either BAIC, Inc. ("BAIC") or SoBell Corp ("SoBell"). Andrew Gamber ("Gamber") was the President of BAIC and the incorporator of SoBell. Between April 2013 and November 2014, securities regulators in Arkansas, Iowa, New Mexico, Pennsylvania, Florida and California issued cease and desist orders against Gamber's prior company, Voyager Financial Group, LLC ("VFG"), for violations of those states' securities laws, including antifraud violations, arising from the sale of income stream investments involving veterans' pensions and disability benefits.

In the second case, the investments were offered through Performance Arbitrage Company ("PAC"), of which Gamber was a part owner for an unknown period of time. Michelle Plant ("Plant") was a Vice-President and the Chief Operating Officer of PAC. Previously, Plant worked at: (i) VFG, where she was the Director of Compliance; and (ii) BAIC, where she was also the Director of Compliance. In addition, Plant did work for SoBell as an independent contractor.

To sell the investments, BAIC, SoBell or PAC, through their sales agents, located an investor to purchase the veteran's pension or disability benefit payments for a specific term, such as 60 months. The investment documents represented that the investor would receive a specified rate of return, which ranged between 5% and 8.25% depending on the particular investment.

For sales of BAIC and SoBell investments, marketing materials used with investors stated:

Buyer's Legal Representation

- Upstate Law Group, LLC of South Carolina is contracted by SMI [a distributor] to provide legal, escrow and payment services for the exclusive benefit of the Buyer and SMI.

- ULG provides a credit report and LexisNexis search report on each individual Seller and provides a transaction summary to the Buyer and
SMI for review prior to closing.

- ULG ensures all documentation is complete and the purchased payments are directed to ULG's Trust Account prior to closing.

- ULG prepares and files a UCC-1 to "Perfect" the Buyer's security interest in the Seller's income.

- All Structured Income Asset monthly payments are processed in Upstate Law Group's Trust Accounts.[1]

The same marketing materials also stated: "The Buyer's attorney, Upstate Law Group, LLC ('ULG') prepares and files a UCC-1 against the Seller's cash flow to create first position 'secured creditor status' of the Structured Income Asset for the Buyer."[2]

For sales of PAC investments, marketing materials stated:

> To further protect Buyers, we engage independent counsel through Upstate Law Group, LLC ("ULG") to review all supporting documentation in the Closing Book to ensure the due diligence process is completed as set out in the Buyer's Purchase Assistance Agreement. Additionally, the utilization of ULG for closing the transactions and servicing the ongoing payments ensures a Buyer's funds are always in the hands of an insured escrow agent.[3]
>
> ...
>
> Funds escrowed with ULG are held in an IOLTA account (Interest on Lawyers Trust Account) therefore legally segregated from the firm's operating account; and for further protection ULG maintains Lawyers Professional Liability insurance.[4]

To date, we do not have evidence that Ms. Kern-Fuller or ULG knew of, reviewed or approved the "Structured Income Assets" presentation or the "Structured Assets Buyer's Guide" quoted above and enclosed with this letter. We do not know whether Ms. Kern-Fuller or ULG represented to investors that they would perform the services described in these marketing materials.

For at least some of the investments, investors signed an Escrow Services and Fee Agreement with ULG. Samples of that document are enclosed and found within: (i) proposed hearing exhibit S-58, Bates Nos. ACC002455-2546, at ACC002459-62; and (ii)

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[1] "Structured Income Assets" presentation, proposed hearing exhibit S-35, ACC000333-343, at ACC000336 (enclosed).
[2] S-35, at ACC000334.
[3] "Structured Assets Buyer's Guide", proposed hearing exhibit S-20, ACC000324-333, at ACC000327 (enclosed).
[4] S-20 at ACC000330.

proposed hearing exhibit ACC000376-458, at ACC000436-39. Other than Escrow Services and Fee Agreements for some of the investments, we are not aware of any other written agreements between Ms. Kern Fuller or ULG on the one hand and investors on the other. We are not aware of any correspondence or other documents from Ms. Kern Fuller or ULG to investors regarding possible joint representations, disclosures of potential conflicts of interest, or payments of ULG's fees by persons other than the investors.

To complete a sale when an investor agreed to invest, BAIC, SoBell and PAC used several form documents that were presented to the investor in a "Closing Book" or "Fulfillment Kit." The Closing Book/Fulfillment Kit form documents were substantially identical regardless of whether BAIC, SoBell or PAC was offering the investment. Please find enclosed samples of Closing Books for BAIC (proposed hearing exhibit S-58, Bates Nos. ACC002455-2546) and SoBell (S-90, ACC000438-439), and a PAC Fulfillment Kit (S-21, ACC000376-458).

Each Closing Book/Fulfillment Kit included a "Contract for Sale of Payments," which the veteran and the investor executed in counterparts. The Contract for Sale of Payments recited: "Seller desires to sell certain fixed payments arising from a certain structured asset once they have been distributed to and received into an account of the Seller ('the Payments')."[5] The "Source of the Payments" was identified as either the veteran's military pension or disability benefits.[6]

The Contract for Sale of Payments provided: "Seller shall transfer and sell to Buyer at Closing one hundred percent (100%) of Seller's right, title and interest in and to the Payments; provided however, that the Payment Source and underlying asset shall remain the sole property of Seller and shall remain under the control of Seller."[7]

For the BAIC and SoBell investments, the Contract for Sale of Payments required the veteran to change the account where he or she received the monthly pension or disability payments to a "designated escrow account at Upstate Law Group, LLC."[8] The Closing Book included a "Change of Payment Address Verification" executed by the veteran showing that he or she had instructed the DFAS or VA to directly deposit future payments to a SunTrust Bank account ending in Xx6119, which ULG controlled.[9]

The money flowed somewhat differently for the PAC investments. For those, the veteran agreed to provide for ULG to receive an automatic draft in the amount payable to

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[5] *See, e.g.* S-58 at ACC002471.
[6] *See, e.g.* S-58 at ACC002471.
[7] *See, e.g.* S-58 at ACC002472; S-21 at ACC000413 (" ... [P]rovided however, that the Payment Source and underlying asset shall remain the sole property of Seller and shall remain under the control of Seller per Federal or State law.").
[8] *See* Sections 4 and 8 to Contract for Sale of Payments: S-58 at ACC002472; S-21 at ACC000413.
[9] *See, e.g.* S-58 at ACC002533-34.

the investor by the 2nd day of each month from the veteran's bank account where the DFAS or VA deposited the veteran's monthly benefit payments.[10] The PAC Fulfillment Kits included a "Payment and Account Verification" form executed by the veteran authorizing ULG to make ACH debits and withdrawals from the veteran's bank account.[11]

After ULG received a veteran's monthly pension or disability payment, ULG disbursed the payment to the investor who had purchased that veteran's monthly payment.

The Contract for Sale of Payments stated:

> BOTH PARTIES INTEND THAT THE TRANSACTION(S) CONTEMPLATED BY THIS CONTRACT FOR SALE SHALL CONSTITUTE VALID SALE(S) OF PAYMENTS AND SHALL NOT CONSTITUTE IMPERMISSIBLE ASSIGNMENT(S), TRANSFER(S), OR ALIENATION OF BENEFITS BY SELLERS AS CONTEMPLATED BY APPLICABLE LAWS; HOWEVER, CERTAIN RISKS PERSIST.[12]

Each Closing Book also included a "Disclosure of Risks Statement," which the investor had to sign.[13] The Disclosure of Risks Statement stated in part:

> *Restrictions On Assignability/Collectability.* Pension stream investments fall under regulatory restriction *(sic)* that restricts the assignment of the scheduled payments due thereunder. The nature of the Contract for Sale of Payments in this transaction is that the Buyer purchases only the payments that the Seller is receiving as an income stream. By law, the Seller must maintain control over the pension itself at all times throughout this purchase and the performance of this contract. Consequently, this transaction is a purchase of a contractual right to a payment obligation and not the payment per se. Although certain courts have held transactions of this nature to be enforceable even in the presence of an anti-assignment clause, there is no assurance that a future court would permit enforcement of payment rights under this arrangement.

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[10] *See* S-21 at ACC000413 (Section 4.2).
[11] *See* S-21 at ACC000443-445.
[12] Section 10.2 of BAIC and SoBell Contracts for Sale of Payments; Section 9.2 of PAC Contracts for Sale of Payments.
[13] *See* S-58 at ACC002496; S-21 at ACC000432-35.

> *Non-receipt of Scheduled Payment/Collections.* Non-receipt of payment could occur for a number of reasons ranging from administrative delays ... [to] a diversion. A diversion occurs when a seller redirects any scheduled payment previously sold to Buyer to any entity other than the Buyer in violation of the Seller's contractual agreements with the Buyer. The Transaction Assistance Team considers a diversion to be a default by the Seller.... Buyer's ability to enforce judgments, realize success in the garnishment process and prevail in the redirecting of the payments cannot be guaranteed.[14]

None of the documents in the Closing Books and Fulfillment Kits disclosed the Federal Anti-Assignment Acts. None of the documents disclosed that several courts applying the Federal Anti-Assignment Acts have held transactions of this nature to be unenforceable. *See Dorfman v. Moorhous*, 108 F.3d 51, 55-56 (4th Cir. 1997) (officer's attempted assignment of retirement pay was invalid pursuant to 37 U.S.C. § 701); *In re Dunlap*, 458 B.R. 301, 325 (Bankr. E.D. Va. 2011) (same); *In re Webb*, 376 B.R. 765, 767-68 (Bankr. W.D. Okla. 2007) (same); *In re Price*, 313 B.R. 805, 809 (Bankr. E.D. Ark. 2004) ("[A] sale of [the service member's] future pension rights is specifically prohibited by federal law."). None of the investors were aware of the Federal Anti-Assignment Acts.

For the BAIC and SoBell investments, the investors did not receive any documents or information that disclosed Gamber's affiliation with BAIC and SoBell, or any of the cease and desist orders against Gamber's prior company, VFG, for securities violations involving the sale of veterans' pensions and disability benefits. For the PAC investments, the investors did not receive any documents or information that disclosed the affiliation of PAC's Chief Operating Officer, Plant, with Gamber and his companies that were the subject of the cease and desist orders.

For several of the BAIC investments, we obtained closing sheets that appear to account for how the investor's money was disbursed upon the closing of each transaction, with amounts going to the veteran/seller and other parties, including ULG. The closing sheets are enclosed collectively as proposed hearing exhibit S-107.

Issues On Which We Request Your Opinions

The Arizona Securities Act provides that an enforcement action "may be brought against any person ... who made, participated in or induced the unlawful sale or purchase.... ***No person shall be deemed to have participated in any sale or purchase solely by reason of having acted in the ordinary course of that person's professional capacity in connection with that sale or purchase.***" A.R.S. § 44-2003(A) (Emphasis added).

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[14] *See* S-58 at ACC002496; S-21 at ACC000432-35.

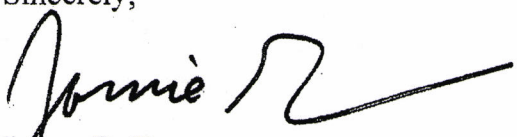
Based on the foregoing information about what we expect the evidence at hearing will include, what is your opinion of whether Ms. Kern-Fuller acted in the ordinary course of her professional capacity as a lawyer licensed in South Carolina in connection the sales or purchases of the investments at issue? What are the professional standards applicable to a South Carolina lawyer with respect to transactions like those described above and set forth in the enclosed documents? Did Ms. Kern conform to those standards? Did Ms. Kern-Fuller act within or outside of the ordinary course of her professional capacity? If Ms. Kern-Fuller acted outside the ordinary course of her professional capacity, how so?

We will be required to disclose a signed report from you that contains:

1. a complete statement of all opinions you will express and the basis and reasons for them;
2. the facts or data you considered in forming them;
3. any exhibits that we will use to support them;
4. an identification of any publication within the scope of Arizona Rule of Evidence 803(18) (Learned Treatises and Periodicals) on which you intend to rely for any opinion; and
5. a list of all other cases in which, during the previous 4 years, you testified as an expert at a hearing or trial.

Please let us know if there is any other information we may provide to you. Please also let us know what we may be able to do to assist you in terms of preparing a written report. Now that August 19th – 30th are our operative hearing dates, we have a little more time within which to work.

Sincerely,



James D. Burgess
Senior Enforcement Attorney

CC: Margaret Lindsay
William Woerner

Enclosures:

- 38 U.S.C. § 5301
- 37 U.S.C. § 701

- "Structured Income Assets" presentation, proposed hearing exhibit S-35, ACC000333-343 (from *BAIC, Inc. et al.* case file)
- "Structured Assets Buyer's Guide", proposed hearing exhibit S-20, ACC000324-333 (from *Performance Arbitrage* case file)
- S-58, Bates Nos. ACC002455-2546 (from *BAIC, Inc. et al.* case file)
- S-90, ACC000438-439 (from *BAIC, Inc. et al.* case file)
- S-21, ACC000376-458 (from *Performance Arbitrage* case file)
- S-107 (from *BAIC, Inc. et al.* case file)

BEFORE THE ARKANSAS SECURITIES COMMISSIONER
Case No. S-12-0015
Order No. S-12-0015-13-OR02

IN THE MATTER OF
VFG, LLC f/k/a
VOYAGER FINANCIAL GROUP, LLC,
ANDREW GAMBER, KEVIN MCNAY,
ROBERT HENRY, and
JONATHAN SHEETS

RESPONDENTS

CEASE AND DESIST ORDER

On April 22, 2013, the Staff of the Arkansas Securities Department ("Staff") filed its Request for a Cease and Desist Order ("Request"). In its Request, the Staff states that it has received information and has in its possession certain evidence which indicates that VFG, LLC f/k/a Voyager Financial Group, LLC ("VFG"), Andrew Gamber ("Gamber"), Kevin McNay ("McNay"), Robert Henry ("Henry") and Jonathan Sheets ("Sheets") (collectively "Respondents") have violated provisions of the Arkansas Securities Act ("Act"), codified at Ark. Code Ann. §§ 23-42-101 through 23-42-509. The Arkansas Securities Commissioner ("Commissioner") has reviewed the Request and based upon the representations made therein finds that:

FINDINGS OF FACTS

The Request contains the following representation of fact:

1. VFG is a Delaware limited liability company ("LLC") registered to do business in Arkansas with its principal place of business located at 801 Technology Drive, Suite F, Little Rock, Arkansas 72223.
2. Gamber is currently the managing member of VFG, owning 100% of the company as of

EXHIBIT 3

1

February 20, 2013. At all times referenced herein, Gamber held at least a 32% interest in VFG. Gamber has been the managing member since February 28, 2012.

3. From on or about May 21, 2010, to on or about February 28, 2012, McNay owned at least a 32% interest and up to a 47.06% interest in VFG.
4. From on or about May 21, 2010, to on or about August 31, 2011, Henry owned at least a 32% interest in VFG.
5. Upon information and belief, Sheets was the managing member of VFG from September 19, 2011, until some point in 2012, and owned from 4% to 18% interests in VFG from 2011 to June 2012.
6. An individual who wants to sell his or her income stream ("seller") appoints VFG as an authorized "buying agent" to submit a contingent offer to a third-party buyer ("buyer").
7. VFG facilitates transactions between buyers and sellers of income streams derived from assets that have fixed payment amounts and terms, such as retirement or military pension streams.
8. VFG is contacted by potential sellers. VFG vets potential sellers to verify their pension stream is the type of product VFG sells. VFG determines the present value of the income streams and sells the streams to interested buyers through agents VFG labels as independent contractors.
9. VFG submits an offer sheet to the buyer through one of its agents. The purchase price is payable to VFG. VFG assists sellers through the process of selling their income stream. They provide a checklist to the seller of everything necessary to facilitate the sale. If information is incomplete, VFG works with the seller to gather all required information.

One of the items required by VFG is a credit report from the seller to verify that there are no liens on the income stream. VFG also requires verification from the seller's pension company verifying that the seller is entitled to receive a pension, as well as the terms of the pension disbursement including the monthly amount of the income stream.

10. VFG provides the potential buyer with a "closing book" comprised of all the information gathered from the seller regarding the income stream. As represented by VFG, the information contained therein is "all of the information that the [b]uyer needs to make an informed decision on whether to follow through with the purchase." The buyer and seller do not directly communicate during this process. All information and contracts are provided by VFG. All paperwork bears the VFG logo. Furthermore, counsel for VFG encouraged an agent to complete most of the paperwork so buyers only were required to sign the paperwork.

11. If a buyer wants to purchase the income stream, VFG provides the buyer with a purchase application, and VFG accepts the offer to purchase on behalf of the seller. If the buyer backs out of the deal, VFG places the income stream back into an active inventory to be sold. VFG keeps track of and updates inventory lists to forward to agents to sell to buyers.

12. Once an income stream is purchased, the buyer then forwards the purchase-price amount to VFG which sets up an escrow account to hold that amount and make certain distributions and payments.

13. The buyer does not acquire title or ownership of the underlying asset that provides the income stream but acquires a contractual right to receive the income stream from the

annuity or pension.

14. Once the seller assigns the right to receive the income stream to the buyer, the seller creates an escrow account in his or her name and control. The seller grants the escrow company a special, durable power of attorney enabling the escrow company to manage that account and the income-stream funds received. VFG works with the buyer to instruct the escrow company to direct payments of a monthly amount to the buyer for the term agreed upon at the time of sale.

15. The buyer has the option for VFG to facilitate payments of premiums for a life insurance policy on the seller of the income stream because the income streams are life contingent. Further, the buyer has the option to purchase a two-year contestability wrapper through VFG. VFG then coordinates the purchase of the life insurance policies and collateral assignments of pre-existing life insurance policies.

16. Because the buyer does not acquire title or ownership of the underlying asset that provides the income stream, a seller can redirect the stream back to the seller at any time, leaving the buyer with only a legal claim. VFG monitors the investment to assist the buyer if needed and offers its services in identifying why the buyer is no longer receiving the income-stream payments. As part of this service, VFG offers to advance one-month's payment under the income-stream-purchase contract until the issue can be resolved. If the issue cannot be resolved within the one-month timeframe, VFG offers to provide other options to the buyer at that time. For at least one buyer who was no longer receiving income-stream payments, VFG offered to make payments for up to six months while attempting to locate the seller. Through a promissory note with the same rate of

interest as the income stream, VFG offered the option to purchase the income stream back from this buyer at any point during the six months for the original purchase price less the income received by the buyer. For other buyers, VFG offers the services of Buttonwood Insurance Services and Upstate Law Group to attempt remediation.

17. VFG drafts all of the required paperwork and facilitates the execution of the contracts and agreements by involved parties. Additionally, VFG receives a percentage commission from all sales at closing.

18. The agents sign an agreement with VFG ("Agreement") to use their best efforts to recruit, promote, sell, and market products and services offered by VFG. Some agents are given a website to use to promote the product and obtain interested buyers ("website"). According to the Agreement, VFG provides website support and pays fees associated with website development during a preliminary period, which is reimbursed out of the agent's commission fee. Once website fees are reimbursed to VFG and after the preliminary period, the agent will begin to receive a full-percentage commission based upon 90% of the total profit from the sales of the income streams.

19. Pursuant to the Agreement, VFG requires the agents to quote a minimum of fifteen cases per week and average about five purchases a week to justify use of the website. Further, agents are required to drive traffic to the website with "organic links." The agreement further states that agents are given a period of six weeks to reach the quoting-average and purchase-average requirements. The averages are calculated on a six-week basis and subject to a review. The website remains the property of VFG, and VFG retains the right to revoke permission or access to the website being used by agents for any reason.

20. As of August 20, 2012, VFG had facilitated approximately 317 sales in 31 states for an estimated total of $34,245,351.48 and received an estimated $6,724,049.71 in commissions. VFG paid additional commissions to an estimated eighty-one agents between February 2011 and July 2012. Multiple sales were made to two Arkansas residents during that time. Upon information and belief, VFG currently is facilitating sales and collecting commissions from transactions across the country.

21. A search of the records of the Arkansas Securities Department ("Department") shows that VFG has never registered or filed a proof of exemption in accordance with the Act and has never notice filed in accordance with federal law in connection with a covered security for offers and sales of securities in Arkansas.

CONCLUSIONS OF LAW

22. Ark. Code Ann. § 23-42-102(15)(A)(xi) defines investment contracts as securities. The Act was promulgated to protect investors, and it utilizes a broad definition of securities to determine which transactions are subject to the Act. *Carder v. Burrow*, 940 S.W.2d 429, 431 (Ark. 1997) (citing *Schultz v. Rector-Phillips-Morse, Inc.*, 552 S.W.2d 4, 8 (Ark. 1977)). In *Schultz*, the Court held that the definition of a security under the Act should not be given a narrow construction but that "it is better to determine in each instance from a review of all the facts, whether an investment scheme or plan constitutes an investment contract... within the scope of the statute." 552 S.W.2d at 10.

23. Arkansas recognizes transactions as investment contracts if they meet the five-prong risk capital test set out in *Smith v. State*, 587 S.W.2d 50 (Ark. Ct. App. 1979). The five elements of the risk capital test are "(1) the investment of money or money's worth; (2)

investment in a venture; (3) the expectation of some benefit to the investor as a result of the investment; (4) contribution towards the risk capital of the venture; and (5) the absence of direct control over the investment or policy decisions concerning the venture." *Id.* at 52. Furthermore, the United States Supreme Court has defined an investment contract as a "contract, transaction or scheme whereby a person invests his money in a common enterprise and is led to expect profits solely from the efforts of the promoter or a third party...." *SEC v. W.J. Howey Co.*, 328 U.S. 293, 298-99 (1946).

24. In *Grand Prairie Sav. and Loan Ass'n, Stuttgart v. Worthen Bank and Trust Co., N.A.*, 769 S.W.2d 20, 22 (Ark. 1989), the Arkansas Supreme Court noted that the *Smith* test is substantially the same test used in the federal courts and cited *Union Nat'l Bank v. Farmers Bank*, 786 F.2d 881 (8th Cir. 1986), involving two Arkansas banks and applying the *Howey* test in its analysis. However, as highlighted in *Schultz*, the Court rejected an express adoption of this federal test in favor of a more flexible case-by-case analysis, 552 S.W.2d at 10.

25. The *Smith* risk capital test requires an investment in a venture, whereas the *Howey* test requires an investment in a common enterprise. A venture is defined as an "undertaking that involves risk[.]" *Black's Law Dictionary* 1695 (9th ed. 2009). Under the risk capital test, the term venture is used in the ordinary sense of an "undertaking" and there need only be one investor for a security with no requirement for a venture to include multiple pooled investors. Frances S. Fendler, *Private Placements and Limited Offerings of Securities A Guide for the Arkansas Practioner* § 3.2[2][B] (2010) (*citing* Joseph C. Long, *An Attempt to Return "Investment Contracts" to the Mainstream of Securities*

Regulation, 24 OKLA. L. REV. 135, § 2:86.4 (1971)). The subject transactions satisfy an investment in a venture. Buyers undertake the risk of not receiving income-stream payments when purchasing an income stream. Buyers who purchase the income-stream products pay money to receive a fixed return for a period of time. The buyers purchase the income streams for a certain sum of money as determined by VFG. Therefore, the buyers invest money in a venture with an expectation of the benefit of a fixed return with the risk of the seller redirecting the income stream.

26. In 1997 in *Carder v. Burrow*, the Arkansas Supreme Court applied the risk capital test, and focused on the element requiring the "expectation of some benefit" to analyze whether an instrument was a security. *Carder*, 940 S.W.2d at 431. The *Carder* Court cited the Eighth Circuit case of *First Fin. Fed. Sav. & Loan Ass'n. v. E. F. Hutton Mortgage Corp.*, 834 F.2d 685 (8th Cir. 1987), which analyzed Arkansas law and stated that an expectation of benefit as contemplated by *Smith v. State* is not met by a fixed rate of interest because there was no "opportunity for either capital appreciation or participation" in the company's profits. *Id.* at 689. However, the United States Supreme Court ruled in *SEC v. Edwards*, 540 U.S. 389 (2004), that investment schemes offering contractual entitlement to a fixed rate of return could be investment contracts. *Id.* at 394. The Court further stated that investments "pitched as low-risk (such as those offering a 'guaranteed' fixed return) are particularly attractive to individuals more vulnerable to investment fraud...." *Id.* at 394 (citing 2 S.Rep. No. 102-261, App., p. 326 (1992) (Staff Summary of Federal Trade Commission Activities Affecting Older Consumers)). Additionally, the Court stated that there was no reason to distinguish between promises of

variable returns and promises of fixed returns. *Edwards*, 540 U.S. at 394. Therefore, the requirement of an expectation of some benefit is satisfied because buyers expect to receive a fixed return upon purchasing an income stream.

27. As required by the *Smith* risk capital test, the buyers contribute to the risk capital of the venture by paying money to receive the income-stream payments that are reassigned from the original owner and seller to the buyer for a period of time. The purchase price is then redistributed to the agents and VFG to pay commissions, with the remaining balance going to the seller. The full amount of the purchase price is not forwarded directly to the seller. Money is first paid in the form of commissions to VFG and its agents before a lesser amount is forwarded to the seller. The buyer is then at risk of the income streams being improperly redirected to the seller without the intervention of VFG to make sure everything functions as it should.

28. Additionally, the final requirement of *Smith* is satisfied, as there is an absence of direct control over the investment as well as an absence of control over policy decisions concerning the venture. VFG connects the buyers and sellers who would not otherwise transact business, if not for VFG's coordination and involvement in the venture. Although a contract dictates that the income stream is assigned to the buyer, the buyer has no actual control over the income stream. If the income stream is redirected and the buyer is no longer receiving the income, VFG steps in, contacts the seller to determine the problem, and tries to remedy the problem for the buyer. VFG reaches out to the seller and relays information back to the buyer. One buyer stated that there was never direct involvement with the seller throughout the income-stream transaction. VFG and its

agents facilitated all contact and transactions. In addition, all paperwork between the buyer and seller is on VFG letterhead and is reviewed by VFG. VFG vets the seller and verifies that the information provided by the seller is correct. VFG verifies that there is actually a pension income stream and receives a credit report from the seller to ensure there are no liens on the income stream. Additionally, VFG determines the value of the income stream. Examining the totality of VFG's responsibilities and efforts, the return generated to the buyer depends on VFG's managerial skills in conducting pre-closing investigations and analyses, verifying all information is in place, verifying that there is a life insurance policy either purchased or collaterally assigned in case of the death of the seller, and providing all necessary paperwork to the buyers and sellers to facilitate the transaction.

29. Considering the totality of the program offered by Respondents, the transactions described herein are investment contracts pursuant to the risk capital test. As Ark. Code Ann. § 23-42-102(15)(A)(xi) defines investment contracts as securities, the transactions described herein are securities.

30. VFG would be considered a person pursuant to the Act as Ark. Code Ann. § 23-42-102(11) defines person as an individual or a LLC among other things.

31. Rule 102.01(11)(A) and (B) of the Rules of the Arkansas Securities Commissioner ("Rules") presumes control of a person when any individual is a director, partner or officer exercising executive responsibility or has a similar status or performs similar functions or directly or indirectly has the right to vote 25% or more of the voting securities of a person. Gamber, McNay, Henry, and Sheets would be considered to be in

control of VFG. Gamber is the managing member of VFG and currently owns 100% of VFG and has owned at least a 32% interest in VFG during all times referenced herein. From May 21, 2010, to February 28, 2012, McNay owned at least a 32% interest and up to a 47.06% interest during that time. Henry owned at least a 32% interest in VFG from May 21, 2010, to August 31, 2011. Sheets represented that he was the managing member of VFG from September 19, 2011, until Gamber became managing member at some point in 2012.

32. Ark. Code Ann. § 23-42-501 provides that it is unlawful for any person to offer or sell any security in this state which is not registered or which is not exempt from registration under the terms of the Act.

33. Pursuant to Ark. Code Ann. § 23-42-103(a)(3), an offer to sell or to buy is made in this state when the offer originates from this state.

34. The facts set out above in paragraphs two through twenty-one illustrate that the Respondents offered and sold unregistered securities in violation of Ark. Code Ann. § 23-42-501.

35. Ark. Code Ann. § 23-42-209(a)(1)(A) provides that whenever it appears to the Commissioner upon sufficient grounds or evidence satisfactory to the Commissioner that any person has engaged or is about to engage in any act or practice constituting a violation of any provision of the Act, the Commissioner may summarily order the person to cease and desist from the act or practice. Respondents have engaged in conduct that violates the Act. Based upon the seriousness of the violations and the remedial function to be served by this Cease and Desist Order, this Cease and Desist Order is in the public

interest and appropriate.

36. The seriousness of the violations described above should not be taken lightly as violations of Ark. Code Ann. § 23-42-501 can give rise to civil liability under Ark. Code Ann. § 23-42-106.

37. The Commissioner is empowered by Ark. Code Ann. § 23-42-205(a) to make any public or private investigations within or outside of Arkansas which he deems necessary to determine whether any person has violated or is about to violate any provision of the Act or any rule or order issued or promulgated under the Act or to aid in the enforcement of the Act. Based upon the representations made by the Staff in its Request, it is appropriate that the Staff continue its investigation into Respondents to determine if other violations of the Act and Rules have occurred.

ORDER

IT IS THERFORE ORDERED that VFG, LLC f/k/a Voyager Financial Group, LLC, Andrew Gamber, Kevin McNay, Robert Henry, and Jonathan Sheets, immediately cease and desist from any further actions in Arkansas in connection with the offer or sale of securities and any other violation of the Act or Rules.

The Staff shall continue its investigation to determine what, if any, other violations of the Act or Rules have occurred. This investigation should include the total amount and type of securities offered and sold by or through the agency of any of the Respondents or any associated or affiliated entities or persons as yet unknown, the methods used and representations made in connection with the offer and sale of securities and the disposition of any funds invested.

A hearing on this Order shall be held if requested by any party in writing within thirty

days of the date of entry of this Order, or if otherwise ordered by the Commissioner. Such request should be addressed to the Commissioner and submitted to the following address:

Arkansas Securities Commissioner
201 East Markham, Suite 300
Little Rock, Arkansas 72201

If no hearing is requested and none ordered by the Commissioner, this Order will remain in effect until it is modified or vacated by the Commissioner pursuant to Ark. Code Ann. § 23-42-209(a)(2)(B).

IT IS SO ORDERED.

A. Heath Abshure
Arkansas Securities Commissioner

April 22, 2013
Date

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BEFORE THE IOWA INSURANCE COMMISSIONER
Two Ruan Center
601 Locust, 4th Floor
Des Moines, Iowa 50309

IN THE MATTER OF	DIA DOCKET NO. 80240
Voyager Financial Group, LLC and Andrew Paul Gamber, NPN: 7690825	ORDER AND CONSENT TO ORDER AND AGREEMENT

COMES NOW the Iowa Insurance Division (Division), pursuant to the provisions of the Iowa Uniform Securities Act -- Iowa Code Chapter 502 (2013) regarding the Division's allegations as stated in the Cease and Desist Order dated May 31, 2013. The allegations are incorporated herein by reference. Without admitting or denying the allegations, Voyager Financial Group and Andrew Paul Gamber consent to the Order and Consent to Order and Agreement.

AGREEMENT

1. Voyager Financial Group consents to the entry of the Cease and Desist Order issued by the Division on May 31, 2013. Voyager also consents to cease and desist any future operations in Iowa related to the buying and selling of income stream contracts.
2. Andrew Paul Gamber, as the sole remaining member of Voyager Financial Group, LLC, consents to the entry of the Cease and Desist Order issued by the Division on May 31, 2013. He also consents to cease and desist any future operations in Iowa related to the buying and selling of income stream contracts.

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3. Andrew Paul Gamber agrees to be permanently barred from applying for insurance producer, investment adviser and securities agent licenses in the State of Iowa in the future.
4. The Iowa Insurance Division agrees to waive the $10,000 civil penalty as stated in section B of the Order section of the Cease and Desist Order dated May 31, 20113.
5. Voyager Financial Group and Andrew Paul Gamber acknowledge that nothing contained in this Order shall be construed to limit the authority of the Division to enforce laws, regulations, or rules against Voyager and Gamber.
6. The Division reserves the right to take administrative action for any violation of the Iowa insurance or securities statutes and/or regulations unknown to the Division at the date of the signing of this order.

ORDER

1. Voyager Financial Group shall Cease and Desist violation of Iowa securities laws and regulations.
2. Andrew Paul Gamber shall Cease and Desist violation of Iowa securities laws and regulations.

Dated this 20 day of September 2013.

IOWA INSURANCE DIVISION

By: Nick Gerhart
Commissioner of Insurance
Iowa Insurance Division

ORDER

I, Andrew Paul Gamber, attest that I am the sole member of Voyager Financial Group, LLC, and that I am authorized to enter into this agreement on Voyager's behalf. I have read, understood and do knowingly consent to this Order in its entirety. By executing this consent, I understand that I am waiving my personal rights to a hearing, as well as waiving the rights of Voyager Financial Group. I understand that this Order is considered final administrative action that shall be reported by the Division to the Central Registration Depository and to the National Association of Insurance Commissioners. I understand that this Order is a public record under Iowa Code Chapter 22 (2013) that will be disclosed to other state regulatory authorities, upon request, pursuant to Iowa Code section 505.8(6)(c) (2013). I also understand that the information contained in the Order will be posted to the Division's web site and a notation will be made to my publicly available web site record that administrative action has been taken against me.

Dated this 19th day of Sept, 2013

Andrew Paul Gamber

Subscribed and sworn before me by Andrew Gamber on this 19th day of September, 2013.

Notary Public for the State of Arkansas

KAREN EVERETT
Notary Public-Arkansas
Pulaski County
My Commission Expires 07-02-2023
Commission # 12394434

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STATE OF NEW MEXICO
REGULATION AND LICENSING DEPARTMENT
SECURITIES DIVISION

In the Matter of:	)	
	)	
VFG, LLC f/k/a VOYAGER FINANCIAL GROUP, EQUITY ADVISORS, LLC AND SIDNEY EVANS	)	Case No. 13-10-0013
	)	
	)	
Respondents.	)	

ORDER TO CEASE AND DESIST AND NOTICE OF INTENT TO IMPOSE SANCTIONS
(Corrected)

The Director of the New Mexico Securities Division ("Director") after investigation has good reason to believe, and therefore alleges the following:

I. FACTS

1. VFG, LLC f/k/a Voyager Financial Group, LLC ("VFG") is a Delaware limited liability company with its principal place of business located at 801 Technology Drive, Suite F, Little Rock, Arkansas 72223.

2. Equity Advisors LLC ("Equity") is a registered Investment Adviser in New Mexico with its principal place of business located at 9400 Holly Avenue NE, Building 4, Albuquerque, New Mexico 87122.

3. Sidney Evans ("Evans") is currently registered in New Mexico as an investment adviser sales representative for Equity. Evans also acted as a selling agent for VFG.

4. VFG structured and promoted investment transactions between buyers (investors) and sellers by identifying potential sellers, usually veterans or others receiving structured government payments, from the United States, and persuading them to sell to investors a portion of their future stream of government payments for a lump sum. The income streams had fixed payment terms, including monthly payment amounts, duration (48, 60, 72, 84 or 120 months) and set rates of return.

5. Buyers did not receive an ownership interest in the underlying asset that provided the income stream, but merely a potential contractual right to receive the income stream from

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the pension. Sellers, who lawfully retain the legal rights to receive the government payments, may at any time redirect income streams away from VFG controlled escrow accounts, thereby leaving a buyer solely with a potential legal claim.

6. VFG used selling agents, including Evans, to offer and sell income streams to investors. VFG provided all information and contracts to selling agents for use in the offer and sale of such income streams to buyers.

7. VFG, by and through Evans, deceived investors by describing the sale of income streams as valid and permissible transactions, when in fact, United States government pensions and disability benefits may not be assigned or attached under 37 U.S.C. § 701 (military pension) and / or 38 U.S.C. § 5301 (veterans' disability benefits). *See, In re Price*, 313 B.R. 805, 810-810 (E.D. Ark. 2004) (sale of debtor-service member's future military pensions rights in return for lump sum payment from financial services company was void under 37 U.S.C. § 701(c), even though service member redirected payments to personal account); *Dorfman v. Moorhous*, 108 F.3d 51, 55-56 (4th Cir. 1997) (assignment of future payments is void under public policy); *In re Leon*, 376 B.R. 765 (W.D. OK 2007) (contract assigning military pension payments in exchange for lump sum payment is void and unenforceable pursuant to § 701(c)); *see also*: 38 U.S.C. § 5301(a)(1)-(3)(A): "Payments of benefits due or to become due under any law administered by the Secretary shall not be assignable except to the extent specifically authorized by law ... in any case where a beneficiary entitled to compensation, pension, or dependency and indemnity compensation enters into an agreement with another person under which agreement such other person acquires for consideration the right to receive such benefit by payment of such compensation, pension, or dependency and indemnity compensation, as the case may be, except as provided in subparagraph (B), and including deposit into a joint account from which such other person may make withdrawals, or otherwise, such agreement shall be deemed to be an assignment and is prohibited."

8. VFG, by and through Evans, provided a New Mexico investor with a copy of a VFG prepared *Sales Assistance Agreement* ("*Agreement*") between a disabled veteran / seller and VFG. The *Agreement* appointed VFG as the seller's agent for the purpose of marketing the seller's fixed payments in exchange for a commission. The *Agreement* described the transaction as involving an "annuity" issued by Veteran Affairs (such pensions and benefits, however, derive from Congressional appropriation).

The *Agreement* contained an *Acknowledgment of Risk* that stated in relevant part:

> "Both parties intend that the transaction(s) contemplated by the sales assistance agreement shall constitute valid sales of payments and shall not constitute impermissible assignment ... Seller acknowledges and agrees that VFG makes no representations or warranties whatsoever concerning whether a court of law would interpret the transactions contemplated herein as invalid assignments [ ] or otherwise deem the transaction invalid."

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The investor subsequently entered into a VFG prepared *Contract for Sale of Payments* ("*Contract*") with the seller, purchasing 84 monthly payments of $731.81 for $49,582.07. The *Contract* contained an *Acknowledgment of Risk* that stated in relevant part:

> "Seller intends to assign every payment described herein to buyer ... both parties intend that the transaction(s) contemplated by this contract for sale shall constitute valid sale(s) ... and shall not constitute impermissible assignment(s) ... VFG makes no representations or warranties whatsoever concerning whether a court of law would interpret the transaction(s) contemplate herein as invalid assignments [ ] or otherwise deem the transaction invalid."

The seller also executed a *Security Agreement* that pledged the income stream as collateral. The *Security Agreement* defined the collateral to mean an "account receivable." Lastly, the seller agreed to execute a VFG prepared *Special Power of Attorney* appointing Security Title Agency to facilitate transactions under the *Contract*.

9. VGF, by and through Evans, failed to adequately disclose to investors the risk of the seller(s) of income streams redirecting those payments away from escrow accounts and consequential loss to investors.

10. VFG, by and through Evans, failed to adequately disclose to investors that the assignments described herein were prohibited by federal law.

11. During the period October 1, 2011, to the present, Evans sold sixteen (16) income streams to eight (8) New Mexico residents for a total of $651,968, and received $34,139 in commissions. Each buyer was a client of Equity.

12. On April 22, 2013, a Cease and Desist Order was issued by the State of Arkansas against VFG for facilitating the selling of future monthly payments of pension income steams for a lump sum. The Arkansas preliminary order found that secondary sales of such income streams are considered investment contracts and therefore are securities not properly registered or exempt.

II. CONCLUSIONS OF LAW

13. The contracts for the purchase and sale of income streams at issue constitute a security under § 58-13C-102.DD of the New Mexico Uniform Securities Act ("Act").

14. VFG never registered or filed any proof of exemption in accordance with the Act, and / or federal law in connection with a covered security for offers and sales of securities in New Mexico, in violation of § 58-13C-301 NMSA 1978.

15. VFG, by and through Evans, deceived investors, as described in Paragraph 8, by representing that the sale of income streams as "annuities" and / or "accounts receivable," and by representing the transaction as "valid" and not a "impermissible assignment," when in fact, United States government pensions and disability benefits may not be

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assigned or attached under 37 U.S.C. § 701 and / or 38 U.S.C. § 5301, in violation of §§ 58-13C-501, 502 NMSA 1978.

16. VFG and Evans omitted the material fact that the assignment of income streams is prohibited under 37 U.S.C. § 701 and / or 38 U.S.C. § 5301, in violation of §§ 58-13C-501, 502 NMSA 1978.

17. VFG and Evans omitted the material fact that the investment was substantially risky since the seller could redirect the income stream back to the seller at any time, in violation of §§ 58-13C-501, 502 NMSA 1978.

18. Purchasers of securities sold by Respondents as described herein are entitled to notification of their right of rescission under the Act. Respondents must offer to repurchase the securities for cash in an amount equal to the consideration paid by the purchaser plus interest at the legal rate of this state from the date of payment until the date of rescission, plus costs and reasonable attorneys' fees, less all amounts actually received by purchasers to date, as provided by § 58-13C-510 NMSA 1978.

III. ORDER

Entry of this Order is in the public interest, appropriate for the protection of investors and consistent with the purposes fairly intended by the policy and provisions of the Act.

IT IS, THEREFORE, ORDERED THAT:

1. Pursuant to § 58-13C-604 of the Act, Respondents must cease and desist soliciting offers to purchase, and offering and selling unregistered securities of any kind in New Mexico without first complying with all requirements of the Act.

2. Within fifteen (15) days of receipt of this Order, Respondents must notify all New Mexico investors of their rights as outlined in Paragraph fifteen (15) of this Order. Prior to notifying the investors, Respondents must submit to the Director for review the written notice that Respondents intend to present to the investors.

3. Within thirty (30) days from the entry of this Order, Respondents must provide the Director with documentation showing that New Mexico investors have been notified of their right to rescission. Such documentation may be in the form of U.S. Postal Service Form 3800, Receipt for Certified Mail. Respondents shall, within thirty (30) days from the entry of this Order, provide the Director with the names and addresses of all investors, the amounts invested by each investor, and the date of each investment.

4. No later than thirty-five (35) days after each investor has acknowledged receipt of the offer of rescission, Respondents must provide the Director with evidence of each investor's decision with respect to the offer. In the absence of a reply from any investor Respondents may submit adequate proof that the investor received the offer and that thirty (30) days have elapsed since receipt of the offer.

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FURTHER, THE DIRECTOR CONTEMPLATES TAKING THE FOLLOWING ACTIONS:

1. Pursuant to § 58-13C-604 of the Act, Respondent VFG will be permanently barred from association with any licensed broker-dealer, or investment adviser in this state.

2. Pursuant to § 58-13C-604 of the Act, the Director has discretion to assess a fine up to $10,000 for each violation of the Act. The contemplated fines assess a $2,500 for each of the sixteen (16) sales of unregistered security, which reflects the seriousness Respondents' deceptive conduct, and failure to comply with law, therefore:

    a. Civil penalties of $40,000 will be imposed on Respondent VFG;

    b. Civil penalties of $40,000 will be imposed jointly and severally on Respondents Evans and Equity Advisors, LLC.

3. Pursuant to § 58-13C-601 of the Act, each Respondent (VFG, Equity and Evans) will pay $1,500 for the cost of this investigation.

4. Further proceedings may be conducted to determine whether Respondents have violated additional provisions of the Act and whether further or alternative sanctions should therefore be imposed.

NOTICE OF ADMINSITRATIVE HEARING RIGHTS

Each respondent is hereby notified of its statutory right to request an administrative hearing on the Cease and Desist and Notice of Intent to Impose Sanctions in the above referenced matter. Administrative hearings are governed by § 58-13C-604(b)(4)-(11) NMSA 1978. Respondents have fifteen (15) days from receipt of this notice to file a written request for a hearing. The request may be sent by U.S. Mail RRR or via email to the Director at victoria.suarez@state.nm.us. The Director will set the matter for hearing no more than sixty days (60) nor less than fifteen (15) days from receipt of the hearing request. The Director will promptly notify the Respondent of the time and place for hearing. The Director or an appointee will conduct the hearing. The Director or his appointee will pass upon the admissibility of evidence and may exclude evidence that is incompetent, irrelevant, immaterial or unduly repetitious.

As discussed more fully in 58-13C-604(b), any Respondent requesting a hearing is entitled to: appear on its own behalf or may be represented by an attorney; present all relevant evidence; to examine all opposing witnesses who appear on any matter relevant to the issues; request and obtain discovery, including the names and addresses of witnesses.

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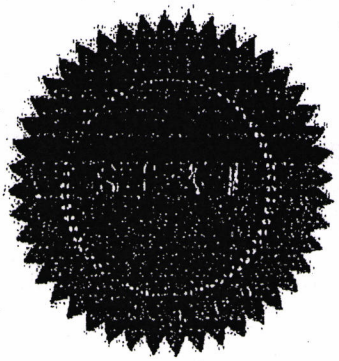
ENTERED AT Santa Fe, New Mexico this 16th day of December 2013.



Alan R. Wilson, Director
New Mexico Securities Division

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BEFORE THE ARKANSAS SECURITIES COMMISSIONER

IN THE MATTER OF:
VFG, LLC, f/k/a
VOYAGER FINANCIAL GROUP, LLC, AND
RICHARD YOUNKMAN

CASE NO S-12-0015
ORDER NO. S-12-0015-14-OR06

RESPONDENTS

SECOND CEASE AND DESIST ORDER

On March 14, 2014, the Staff of the Arkansas Securities Department ("Staff") filed its Second Request for a Cease and Desist Order ("Request"), stating that it has information and certain evidence that indicates VFG, LLC f/k/a Voyager Financial Group, LLC ("VFG") and Richard Younkman ("Younkman") have violated provisions of the Arkansas Securities Act ("Act"), Ark. Code Ann. § 23-42-101 through § 23-42-509, and the Rules of the Arkansas Securities Commissioner ("Rules"). The Arkansas Securities Commissioner ("Commissioner") has reviewed the Request, and based upon representations made therein, finds that:

FINDINGS OF FACT

The Staff's Request asserts the following representations of fact:

1. VFG, LLC f/k/a Voyager Financial Group, LLC ("VFG") is a Delaware limited liability company registered to do business in Arkansas. Until 2013 VFG's principal place of business was located at 801 Technology Drive, Suite F, Little Rock, Arkansas 72223. VFG is not registered with the Arkansas Securities Department ("Department ") in any capacity.

2. Richard Younkman ("Younkman") is a resident of Dallas, Texas. Younkman is not registered with the Department in any capacity. In addition, Younkman has not been registered on CRD with any state securities administrator since 2009. Younkman was employed by VFG.

3. VFG issued, offered and sold investment contracts for income streams to investors.

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4. VFG offered and sold income streams to investors through selling agents, like Younkman. VFG authored and provided selling agents with all the documents necessary to offer and sell these income streams to investors.

5. On or about April 20, 2012, and May 18, 2012, VFG and Younkman offered and sold income streams to a married couple residing in Horatio, Arkansas, Arkansas Resident 1 ("AR1"). AR1 invested approximately $63,000 in April and approximately $87,000 in May with VFG and Younkman. As part of the offer and sale of the income streams to AR1, VFG and Younkman provided a Closing Book to AR1.

6. The Closing Book included a document prepared by VFG and titled Purchase Application. On page one of the Purchase Application it states, "A purchase of Payments is only suitable for persons who have adequate financial means and who will not need immediate liquidity from this asset. There is no public market for this asset, and we cannot assure that one will develop, which means that it may be difficult for you to sell your asset." This statement omitted and failed to provide AR1 with full and complete disclosure of material facts, including, but not limited to, that the assignment of federal pensions or pension payments are prohibited by federal law, and the full extent of the illiquid nature of VFG's investments. Although VFG's statement uses some disclosure language that is similar to that found in many private placement securities offering documents, no suitability information was ever gathered from AR1 by VFG or Younkman. Since VFG included this language on its Purchase Application, VFG clearly understood that their investments were not suitable for every investor. In spite of this fact, VFG and Younkman never ask AR1 for their yearly income, liquid net worth, age, and investment experience. The Purchase Application is attached to the Request as "Exhibit 1".

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7. On page two of the VFG Purchase Application it discusses individual life insurance policy coverage on the seller of the income stream. In addition, on the same page of the Purchase Application it discusses wrap insurance policy protection provided by Lloyd's of London for the first two years of AR1's investments. However, VFG omitted and failed to provide AR1 with full and complete disclosure of material facts, including, but not limited to, details on the insurance coverage or the payment of premiums for this insurance. Also, VFG did not disclose the risks that the seller's life insurance policy might not actually be purchased, premium payments might not be sent, the seller's insurance policy might lapse, or the seller's insurance policy might not be honored for some other reason. Further, VFG provided AR1 no details or proof that VFG ever had a wrap insurance policy with Lloyd's of London on the sellers of the income streams purchased by AR1. Finally, VFG omitted and failed to disclose the fact that a life insurance policy provides no protection against the seller unilaterally stopping or redirecting the income stream payments away from AR1. The Purchase Application is attached to the Request as "Exhibit 1".

8. The Closing Book also included a document prepared by VFG and titled Contract for Sale of Payments. On page two, paragraph number five of the Contract for Sale of Payments it states, "For the consideration described in the Sales Assistance Agreement, Seller shall transfer and sell to Buyer at Closing one hundred percent (100%) of Seller's right, title, and interest in and to the Payments". This is clearly a misstatement in view of federal laws prohibiting the assignment or transfer of federal pensions. Also, this section of VFG's Contract for Sale of Payments fails to adequately disclose to AR1 the risk that the sellers of income streams could at any time redirect the payments away from AR1. In the event that the sellers redirected these income stream payments, then AR1's only recourse would be a civil

suit against the sellers. The Contract for Sales of Payments is attached to the Request as "Exhibit 2".

9. On page three of the Contract for Sale of Payments it also states, 10.2. BOTH PARTIES INTEND THAT THE TRANSACTION(S) CONTEMPLATED BY THIS CONTRACT FOR SALE SHALL CONSTITUTE VALID SALE(S) OF PAYMENTS AND SHALL NOT CONSTITUTE IMPERMISSIBLE ASSIGNMENT(S), TRANSFER(S), OR ALIENATION OF BENEFITS BY SELLERS AS CONTEMPLATED BY APPLICABLE LAWS; HOWEVER, CERTAIN RISKS EXIST." While this document prepared by VFG mentions risks, VFG omitted and failed to provide AR1 with full and complete disclosure of any specific risks. In addition, this section misstates federal laws and court cases that clearly prohibit the assignment or transfer of federal pension payments sold by VFG and Younkman to AR1. Therefore, in spite of the language of this section of VFG's Contract for Sale of Payments, the sellers and not AR1 would maintain all rights and claims to these pension payments. The Contract for Sale of Payments is attached to the Request as "Exhibit 2".

10. On page three of the Contract for Sale of Payments it states, "10.3. BY EXECUTING THIS CONTRACT FOR SALE, BUYER AND SELLER ACKNOWLEDGE THAT BUYER AND SELLER ARE AWARE OF AND EXPRESSLY ACCEPT ALL RISKS ASSOCIATED WITH THE TRANSACTION(S) CONTEMPLATED HEREIN." While this section of the document prepared by VFG mentions risks, VFG omitted and failed to provide AR1 with full and complete disclosure of any specific risks. The Contract for Sales of Payments, is attached to the Request as "Exhibit 2".

11. Younkman did not provide any additional information to AR1 that rectified the misstatements and omissions in the VFG paperwork as detailed above. Specifically,

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Younkman did not tell AR1 that their investments with VFG were illiquid. In addition, Younkman never told AR1 that the sellers could stop or redirect the pension payments at any time. Finally, Younkman never told AR1 that the transfer or assignment of federal pension payments was prohibited by federal law.

CONCLUSIONS OF LAW

12. The income streams offered and sold by VFG and Younkman to AR1 were securities as defined by Ark. Code Ann. § 23-42-102(17)(A)(xi).

13. Pursuant to Ark. Code Ann. § 23-42-102(10), VFG is an issuer of securities.

14. Ark. Code Ann. § 23-42-301(a) states it is unlawful for any person to transact business in this state as an agent unless he or she is registered under the Act Younkman violated Ark. Code Ann. § 23-42-301(a) when he offered and sold securities to AR1 as detailed in paragraph five.

15. Ark. Code Ann. § 23-42-301(b)(1) states it is unlawful for an issuer to employ an unregistered agent except a nonresident agent who is registered by any other state securities administrator and who effects transactions in this state exclusively with registered broker-dealers. VFG violated Ark. Code Ann. § 23-42-301(b)(1) when it employed Younkman to offer and sell securities to AR1 as detailed in paragraphs two through five.

16. Ark. Code Ann. § 23-42-507(2) states that it is unlawful for any person, in connection with the sale of any security, directly or indirectly, to make any untrue statement of a material fact or omit to state a material fact necessary in order to make the statement made, in the light of the circumstances under which it was made, not misleading. VFG and Younkman violated Ark. Code Ann. § 23-42-507(2) when they omitted to disclose material information

and they made material misstatements to AR1 as detailed in paragraphs number six though eleven.

17. Pursuant to Ark. Code Ann. § 23-42-209(a), whenever it appears to the Commissioner, upon sufficient grounds or evidence satisfactory to the Commissioner, that any person has engaged or is about to engage in any act or practice constituting a violation of any provision of the Act or any rule or order under the Act, the Commissioner may summarily order the person to cease and desist from the act or practice. The conduct, acts, and practices of VFG and Younkman threaten immediate and irreparable public harm. Based on the Findings of Fact and Conclusions of Law, this Cease and Order is in the public interest and is appropriate pursuant to Ark. Code Ann. § 23-42-209.

ORDER

IT IS THEREFORE ORDERED that VFG and Younkman immediately CEASE AND DESIST from offering and/or selling securities in Arkansas in violation of Ark. Code Ann. § 23-42-301(a) and Ark. Code Ann. § 23-42-301(b)(1). VFG and Younkman are further ordered to immediately CEASE and DESIST from selling securities through the use of misstatements and/or omissions in violation of Ark. Code Ann. § 23-42-507(2).

A hearing on this Order shall be held if requested by VFG and/or Younkman in writing within thirty (30) days of the date of the entry of this Order, or if otherwise ordered by the Commissioner. Such request should be addressed to the Commissioner and submitted to the following address:

Arkansas Securities Commissioner
201 East Markham, Suite 300
Little Rock, Arkansas 72201

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If no hearing is requested and none is ordered by the Commissioner, this Order will remain in effect until it is modified or vacated by the Commissioner. *See* Ark. Code Ann. § 23-42-209(a)(2).

A. Heath Abshure
Arkansas Securities Commissioner

03/18/2014
Date

FILED

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES 2014 MAY 12 AM 11:07

COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF BANKING AND SECURITIES, BUREAU OF SECURITIES, LICENSING, COMPLIANCE AND ENFORCEMENT	:	PA DEPARTMENT OF BANKING AND SECURITIES
	:	DOCKET No. 130069 (SEC-CAO)
v.	:	
VFG, LLC f/k.a VOYAGER FINANCIAL GROUP, LLC	:	

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, acting through the Department of Banking and Securities ("Department), Bureau of Licensing, Compliance and Enforcement ("Bureau") has conducted an investigation of the business practices of VFG, LLC f/k/a Voyager Financial Group, LLC ("Voyager") and its officers and employees. Based on the results of its investigation, the Bureau has concluded that Voyager has operated in violation of the Pennsylvania Securities Act of 1972, 70 P.S. § 1-101 et. seq. ("1972 Act"). Voyager, in lieu of litigation, and without admitting or denying the allegations herein, and intending to be legally bound, hereby agrees to the terms of this Consent Agreement and Order ("Order").

BACKGROUND

1. The Department is the Commonwealth of Pennsylvania's administrative agency authorized and empowered to administer and enforce the 1972 Act.

2. The Bureau is primarily responsible for administering and enforcing the 1972 Act for the Department.

3. VFG, LLC f/k/a Voyager Financial Group, LLC ("Voyager") was, at all times

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material herein, a Delaware limited liability corporation with a principal place of business at 801 Technology Drive, Suite F, Little Rock, Arkansas 72223.

4. At all times material herein, Voyager maintained a web site (Web Site) at http://voyager-financial.com. According to the Web Site, Voyager "is a national distributor, broker, and consulting firm for a diverse array of products, services, and contracts in the financial services arena." Moreover, according to the Web Site, Voyager "specializes in the factored income stream market, working to satisfy the needs of both individuals and entities receiving structured payments and those wishing to take advantage of the stability and return on investment that these products can bring."

5. At all times material herein, Voyager located individuals ("Sellers") who agreed, for a specific period of time, to assign their rights to monthly payments from military, civil service, or corporate pensions to investors ("Investors") in exchange for discounted, lump-sum amounts. Voyager facilitated all necessary transactions between the Investors and the Sellers using several contracts drafted by Voyager, which included a "Purchase Agreement," a "Spousal Consent Form," and an "Irrevocable Assignment of Cash Flow."

6. Pursuant to the "Purchase Agreement," a Seller appointed Voyager as a "buying agent." As the "buying agent," Voyager, through a sales force of agents, solicited an Investor who purchased an assignment of a Seller's monthly pension payments (the "Assignment") for a specific amount of time (the "Term").

7. The Terms of the Assignments ranged from 6 to 10 years. The purchase price ("Purchase Price") of an Assignment was determined by Voyager, and according to Voyager, the Purchase Price was based on the present value of the future monthly pension payments.

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8. Voyager verified that the Seller was entitled to the monthly pension payments, and Voyager obtained the Seller's credit report to ensure that there were no liens against the Seller's monthly pension payments.

9. Voyager obtained a "Spousal Consent Form" from the Seller if the Seller's spouse was named as the primary beneficiary of the Seller's pension.

10. When an Investor purchased an Assignment through Voyager, the Investor submitted a check made payable to Voyager in the amount of the Purchase Price. Subsequently, pursuant to an "Irrevocable Assignment of Cash Flow" contract, the Seller assigned the rights to the Seller's pension payments to the Investor for the Term. The Seller then deposited the Seller's monthly pension payments into an escrow account which was designated by Voyager, and the Seller granted the escrow company a power of attorney so that the escrow company could manage the account and direct the monthly pension payments to the Investor.

11. Pursuant to the sale of an Assignment, Voyager required that a Seller maintain a life insurance policy on the Seller as the monthly pension payments were life-contingent. Voyager required that the Seller assign the policy to the Investor as collateral security for all liabilities between the Seller and the Investor.

12. Voyager offered Investors a rate of return of approximately 8% on the Assignments.

13. The Assignments described above are "securities" within the meaning of Section 102(t) of the 1972 Act, 70 P.S.§1-102(t).

14. The Assignments were (a) not registered under Section 201 of the 1972 Act, 70 P.S.§1-201; (b) not exempt from registration under Section 202 of the 1972 Act, 70 P.S.§1-202; and (c) not federally covered securities; and further, the securities transactions relating to the

Assignments were not exempt from registration under Section 203 of the 1972 Act, 70 P.S.§1-203.

15. From in or about March 2011 through June 2012, Voyager offered and sold Assignments to at least 23 Pennsylvania residents for an aggregate amount of at least $3,650,366.

16. At all times material herein, at least one of the Pennsylvania residents was over age 60.

17. Some or all of the Assignments sold to the Pennsylvania residents were assignments of rights to monthly payments from military pensions, and the assignment of military pensions is prohibited by 38 U.S.C.§5301.

18. Voyager failed to provide some or all Pennsylvania residents with financial statements regarding Voyager, which disclosure would have been material for a reasonable investor to make an informed investment decision. To the extent that Voyager did not have disclosure documents, Voyager failed to disclose their nonexistence, which would have been material for a reasonable investor to make an informed investment decision.

19. Voyager failed to disclose some or all of the following material information concerning Voyager to some or all of the Pennsylvania residents:

a. The financial condition of Voyager;

b. The identity and relevant background of the corporate officers of Voyager;

c. Voyager's operating history; and

d. The assignment of military pensions is prohibited by 38 U.S.C. §5301.

VIOLATIONS

20. By engaging in the acts and conduct set forth in paragraphs 1 through 16 above, Voyager offered and sold the Assignments to Pennsylvania residents in willful violation of Section 201 of the 1972 Act, 70 P.S. §1-201.

21. By engaging in the acts and conduct set forth in paragraphs 1 through 19 above, Voyager, in connection with the offer and sale of the Assignments to Pennsylvania residents, omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading in willful violation of Section 401(b) of the 1972 Act, 70 P.S.§1-401(b).

22. By engaging in the acts and conduct set forth in paragraphs 1 through 19 above, Voyager, in connection with the offer and sale of the Assignments to Pennsylvania residents, engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon any person, in willful violation of Section 401(c) of the 1972 Act, 70 P. S. §1-401(c).

AUTHORITY

23. Because Voyager offered and sold the Assignments, which were not registered, in Pennsylvania in willful violation of Section 201 of the 1972 Act, 70 P.S.§1-201, the Department may permanently bar Voyager pursuant to Section 512 of the 1972 Act, 70 P.S. §1-512.

24. Because Voyager, in connection with the offer and sale of the Assignments to Pennsylvania residents, omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading in willful violation of Section 401(b) of the 1972 Act, 70 P.S.§1-401(b), the Department may permanently bar Voyager pursuant to Section 512 of the 1972 Act, 70 P.S. §1-512.

25. Because Voyager, in connection with the offer and sale of the Assignments to Pennsylvania residents, engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon any person, in willful violation of Section 401(c) of the 1972 Act, 70 P. S. §1-401(c), the Department may permanently bar Voyager pursuant to Section 512 of the 1972 Act, 70 P.S. §1-512.

RELIEF

26. Pursuant to Sections 512(a)(1), (2), (3), (4) and (5) of the 1972 Act, 70 P.S.§1-512(a) (1), (2),(3),(4), and (5), Voyager is **PERMANENTLY BARRED** from the date of this order from:

a. Representing an issuer offering or selling securities in this State;

b. Acting as a promoter, officer, director, or partner of an issuer (or an individual occupying a similar status or performing similar functions) offering or selling securities in this State or of a person who controls or is controlled by such issuer;

c. Being registered as a broker-dealer, agent, investment adviser or investment adviser representative under Section 301 of the 1972 Act;

d. Being an affiliate of any person registered under Section 301 of the 1972 Act; or

e. Relying upon an exemption from registration contained in Section 202, 203, or 302 of the 1972 Act.

27. Voyager is ORDERED to comply with the 1972 Act, and Regulations adopted by the Department, and in particular Sections 201 and 401 of the 1972 Act, 70 P.S. §§201, 401.

28. Should Voyager fail to comply with any and all provisions of this Order, the Department may impose additional sanctions and costs and seek other appropriate relief subject to Voyager's right to a hearing pursuant to the 1972 Act.

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FURTHER PROVISIONS

29. Consent. Voyager hereby knowingly, willingly, voluntarily and irrevocably consents to the entry of this Order pursuant to the Bureau's authority under the 1972 Act and agrees that it understands all of the terms and conditions contained herein. Voyager, by voluntarily entering into this Order, waives any right to a hearing or appeal concerning the terms, conditions and/or penalties set forth in this Order.

30. Entire Agreement. This Order contains the entire agreement between the Department and Voyager. There are no other terms, obligations, covenants, representations, statements, conditions, or otherwise, of any kind whatsoever concerning this Order. This Order may be amended in writing by mutual agreement by the Department and Voyager.

31. Binding Nature. The Department, Voyager, and all officers, owners, directors, employees, heirs and assigns of Voyager intend to be and are legally bound by the terms of this Order.

32. Counsel. This Order is entered into by the parties upon full opportunity for legal advice from legal counsel.

33. Effectiveness. Voyager hereby stipulates and agrees that the Order shall become effective on the date the Bureau executes the Order ("Effective Date").

34. Other Enforcement Action.

(a) The Department reserves all of its rights, duties, and authority to enforce all statutes, rules and regulations under its jurisdiction against Voyager in the future regarding all matters not resolved by this Order.

(b) Voyager acknowledges and agrees that this Order is only binding upon the Department and not any other local, state or federal agency, department or office regarding matters within this Order.

35. Authorization. The parties below are authorized to execute this Order and legally bind their respective parties.

36. Counterparts. This Order may be executed in separate counterparts, by facsimile and by PDF.

37. Titles. The titles used to identify the paragraphs of this document are for the convenience of reference only and do not control the interpretation of this document.

38. Finding. The Department finds that it is necessary and appropriate in the public interest and for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the 1972 Act to issue this Order.

WHEREFORE, in consideration of the foregoing, including the recital paragraphs, the Commonwealth of Pennsylvania, Department of Banking and Securities, Bureau of Securities, Licensing, Compliance and Enforcement and VFG, LLC f/k/a Voyager Financial Group, LLC intending to be legally bound, do hereby execute this Consent Agreement and Order.

FOR THE COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES
BUREAU OF SECURITIES, LICENSING, COMPLIANCE AND ENFORCEMENT

James A. Klutinoty
Chief, Western Region

Date: May 9, 2014

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FOR VFG, LLC f/k/a VOYAGER FINANCIAL GROUP, LLC

(Officer Signature)

Andrea Gamber
(Print Officer Name)

Member
(Title)

Date: 4-29-14

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BEFORE THE ARKANSAS SECURITIES COMMISSIONER
CASE NO. S-12-0015
ORDER NO. S-12-0015-14-OR07

IN THE MATTER OF:

VFG, LLC f/k/a
VOYAGER FINANCIAL GROUP, LLC,
and ANDREW GAMBER
RESPONDENTS

CONSENT ORDER

This Consent Order ("Order") is entered pursuant to the Arkansas Securities Act, codified at Ark. Code Ann. §§ 23-42-101 through 23-42-509 ("Act"), the Rules of the Arkansas Securities Commissioner promulgated pursuant to the Act ("Rules"), and the Arkansas Administrative Procedures Act, codified at Ark. Code Ann. §§ 25-15-201 through 25-15-219; in accordance with an agreement between the Staff of the Arkansas Securities Department ("Staff") and the Respondents in full and final settlement of all claims that could be brought against Respondents by Staff in connection with this matter.

This Order is a compromise of disputed claims and is entered into for the sole purpose of resolving the issues between the parties and avoiding the costs and expenses of litigation. Respondents admit the jurisdiction of the Act and the Arkansas Securities Commissioner ("Commissioner"), waive their right to a formal hearing and appeal, consent to the entry of this Order, and, without admitting or denying the findings of fact or conclusions of law, agree to abide by its terms in settlement of any possible violations concerning the matters detailed herein.

FINDINGS OF FACT

1. VFG is a Delaware limited liability company ("LLC") registered to do business in Arkansas.
2. Gamber is the managing member of VFG, owning 100% of the company as of February 20, 2013. At all times referenced herein, Gamber held at least a 32% interest in VFG. Gamber has been the managing member since February 28, 2012.
3. Richard Younkman ("Younkman") is a resident of Dallas, Texas. Younkman is not registered with the Department in any capacity. In addition, Younkman has not been registered on CRD with any state securities administrator since 2009. Younkman was an agent of VFG.
4. An individual who wants to sell his or her income stream ("seller") appointed VFG as an authorized "buying agent" to submit a contingent offer to a third-party buyer ("buyer").
5. VFG created a platform that facilitated transactions between buyers and sellers of income streams derived from assets that have fixed payment amounts and terms, such as retirement or military pension streams ("platform"). VFG determined the present value

of the income streams and sold the streams to interested buyers through the platform.

6. VFG provided the potential buyer with a "closing book" comprised of all the information gathered from the seller regarding the income stream. As represented by VFG, the information contained therein is "all of the information that the [b]uyer needs to make an informed decision on whether to follow through with the purchase." The buyer and seller do not directly communicate during this process. All information and contracts are provided by VFG. All paperwork bears the VFG logo. Furthermore, counsel for VFG encouraged an agent to complete most of the paperwork, so buyers only were required to sign the paperwork.

7. VFG provided the buyer with a purchase application, and VFG accepted the offer to purchase on behalf of the seller.

8. Once an income stream was purchased, the buyer would forward the purchase-price amount to VFG which set up an escrow account with an escrow company to hold that amount and make certain distributions and payments.

9. The buyer did not acquire title or ownership of the underlying asset that provided the income stream but acquired a contractual right to receive the income stream from the annuity or pension.

10. Once the seller assigned the right to receive the income stream to the buyer, the seller created an escrow account in his or her name and control. The seller granted the escrow company a special, durable power of attorney enabling the escrow company to manage that account and the income-stream funds received. VFG worked with the buyer to instruct the escrow company to direct payments of a monthly amount to the buyer for the term agreed upon at the time of sale.

11. The buyer had the option for VFG to facilitate payments of premiums for a life insurance policy on the seller of the income stream because the income streams are life contingent. Further, the buyer had the option to purchase a two-year contestability wrapper through VFG from an insurance company. VFG then coordinated the purchase of the life insurance policies and collateral assignments of pre-existing life insurance policies.

12. Because the buyer did not acquire title or ownership of the underlying asset that provided the income stream, a seller could redirect the stream back to the seller at any time, leaving the buyer with only a legal claim.

13. VFG drafted all of the required paperwork and facilitated the execution of the contracts and agreements by involved parties. Additionally, VFG received a percentage commission from all sales at closing.

14. VFG offered and sold income streams to investors through selling agents, like Younkman. VFG authored and provided selling agents with all the documents necessary to offer and sell these income streams to investors.

15. As of August 20, 2012, VFG had facilitated approximately 317 sales in 31 states for an estimated total of $34,245,351.48 and received an estimated $6,724,049.71 in commissions. VFG paid additional commissions to an estimated eighty-one agents between February 2011 and July 2012. Multiple sales were made to two Arkansas residents during that time.

16. On or about April 20, 2012, and May 18, 2012, VFG and Younkman offered and sold income streams to a married couple residing in Horatio, Arkansas, Arkansas Resident 1 ("AR1"). AR1 invested approximately $63,000 in April and approximately $87,000 in May with VFG and Younkman. As part of the offer and sale of the income streams to AR1, VFG and Younkman provided a Closing Book to AR1.

17. The Closing Book included a document prepared by VFG and titled Purchase Application. On page one of the Purchase Application it states, "A purchase of Payments is only suitable for persons who have adequate financial means and who will not need immediate liquidity from this asset. There is no public market for this asset, and we cannot assure that one will develop, which means that it may be difficult for you to sell your asset." This statement omitted and failed to provide AR1 with full and complete disclosure of material facts, including, but not limited to, that the assignment of federal

pensions or pension payments are prohibited by federal law, and the full extent of the illiquid nature of VFG's investments. Although VFG's statement uses some disclosure language that is similar to that found in many private placement securities offering documents, no suitability information was ever gathered from AR1 by VFG or Younkman. Since VFG included this language on its Purchase Application, VFG clearly understood that their investments were not suitable for every investor. In spite of this fact, VFG and Younkman never ask AR1 for their yearly income, liquid net worth, age, and investment experience.

18. On page two of the VFG Purchase Application, it discusses individual life insurance policy coverage on the seller of the income stream. In addition, on the same page of the Purchase Application it discusses wrap insurance policy protection provided by Lloyd's of London for the first two years of AR1's investments. However, VFG omitted and failed to provide AR1 with full and complete disclosure of material facts, including, but not limited to, details on the insurance coverage or the payment of premiums for this insurance. Also, VFG did not disclose the risks that the seller's life insurance policy might not actually be purchased, premium payments might not be sent, the seller's insurance policy might lapse, or the seller's insurance policy might not be honored for some other reason. Further, VFG provided AR1 no details or proof that VFG ever had a wrap insurance policy with Lloyd's of London on the sellers of the income streams purchased by AR1. Finally, VFG omitted and failed to disclose the fact that a life insurance policy provides no protection against the seller unilaterally stopping or redirecting the income stream payments away from AR1.

19. The Closing Book also included a document prepared by VFG and titled Contract for Sale of Payments. On page two, paragraph number five of the Contract for Sale of Payments it states, "For the consideration described in the Sales Assistance Agreement, Seller shall transfer and sell to Buyer at Closing one hundred percent (100%) of Seller's right, title, and interest in and to the Payments". This is clearly a misstatement in view of federal laws prohibiting the assignment or transfer of federal pensions. Also, this section of VFG's Contract for Sale of Payments fails to adequately disclose to AR1 the risk that the sellers of income streams could at any time redirect the payments away from AR1. In the event that the sellers redirected these income stream payments, then AR1's only recourse would be a civil suit against the sellers.

20. On page three of the Contract for Sale of Payments it also states, 10.2. BOTH PARTIES INTEND THAT THE TRANSACTION(S) CONTEMPLATED BY THIS CONTRACT FOR SALE SHALL CONSTITUTE VALID SALE(S) OF PAYMENTS AND SHALL NOT CONSTITUTE IMPERMISSIBLE ASSIGNMENT(S), TRANSFER(S), OR ALIENATION OF BENEFITS BY SELLERS AS CONTEMPLATED BY APPLICABLE LAWS; HOWEVER, CERTAIN RISKS EXIST." While this document prepared by VFG mentions risks, VFG omitted and failed to provide AR1 with full and complete disclosure of any specific risks. In addition, this section misstates federal laws and court cases that clearly prohibit the assignment or transfer of federal pension payments sold by VFG and Younkman to AR1. Therefore, in spite of the language of this section of VFG's Contract for Sale of Payments, the sellers and not AR1 would maintain all rights and claims to these pension payments.

21. On page three of the Contract for Sale of Payments it states, "10.3. BY EXECUTING THIS CONTRACT FOR SALE, BUYER AND SELLER ACKNOWLEDGE THAT BUYER AND SELLER ARE AWARE OF AND EXPRESSLY ACCEPT ALL RISKS ASSOCIATED WITH THE TRANSACTION(S) CONTEMPLATED HEREIN." While this section of the document prepared by VFG mentions risks, VFG omitted and failed to provide AR1 with full and complete disclosure of any specific risks.

22. In eight separate transactions ranging from on or about June 6, 2011, to August 2, 2012, VFG offered and sold income streams to an Arkansas resident, Arkansas Resident 2 ("AR2"). AR2 invested approximately $297,000 during that time.

A search of the records of the Arkansas Securities Department ("Department") shows that

23. VFG has never registered or filed a proof of exemption in accordance with the Act and has never notice filed in accordance with federal law in connection with a covered security for offers and sales of securities in Arkansas.

LEGAL AUTHORITY AND CONCLUSIONS OF LAW

24. Ark. Code Ann. § 23-42-102(17)(A)(xi) includes investment contract within the definition of a security. Based upon the totality of the services offered pursuant to the platform, the transactions are investment contracts, and are therefore a security pursuant to the Act.

25. VFG is a person as defined in Ark. Code Ann. § 23-42-102(13).

26. Rule 102.01(11)(B) presumes control of a person when any individual has the right to vote 25% or more of the voting securities of such person.

27. Ark. Code Ann. § 23-42-501 provides that it is unlawful for any person to offer or sell any security unless it is registered, exempt, or a covered security.

28. None of the income streams offered for sale by VFG through the platform were registered, exempt from registration, or a covered security. Therefore, VFG and Gamber violated Ark. Code Ann. § 23-42-501.

29. Ark. Code Ann. § 23-42-301(b)(1) states it is unlawful for an issuer to employ an unregistered agent except a nonresident agent who is registered by any other state securities administrator and who effects transactions in this state exclusively with registered broker-dealers. VFG violated Ark. Code Ann. § 23-42-301(b)(1) when it employed Younkman to offer and sell securities to AR1 as detailed in this Order.

30. Ark. Code Ann. § 23-42-507(2) states that it is unlawful for any person, in connection with the sale of any security, directly or indirectly, to make any untrue statement of a material fact or omit to state a material fact necessary in order to make the statement made, in the light of the circumstances under which it was made, not misleading. VFG and Younkman violated Ark. Code Ann. § 23-42-507(2) when they omitted to disclose material information and they made material misstatements to AR1 as detailed in this Order.

31. Ark. Code Ann. § 23-42-209(c) permits the informal disposition of a proceeding or allegations by settlement or consent.

ORDER

The facts set out in paragraphs one through twenty-three support the conclusions of law set out in paragraphs twenty-four through thirty-one. The Commissioner finds this Order necessary and appropriate in the public interest for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the Act and Rules. The Staff and Respondents are desirous of settling this matter as hereafter set forth and agree to the entry of this Order. It is agreed that Respondents enter into this Order freely and voluntarily and with a full understanding of its terms and significance. It is further agreed that the Commissioner has jurisdiction to enter this Order. In consideration of the foregoing, Respondents waive their rights to a hearing in this matter and to judicial review of this Order.

IT IS THEREFORE ORDERED that VFG shall offer restitution to AR1 and AR2 as if the contracts had been rescinded within twenty (20) days of the entry of this Order; VFG shall provide the Staff with proof that these offers of restitution equivalent to rescission have been made within thirty (30) days of the entry of this Order; Order No. S-12-0015-13-OR02, *In the Matter of VFG, LLC f/k/a Voyager Financial Group, LLC, Andrew Gamber, Kevin McNay, Robert Henry, and Jonathan Sheets*, is affirmed as to Respondents requiring that they cease and desist from the sales of unregistered securities in violation of the Act and Rules; Order No. S-12-0015-14-OR06, *In the Matter of VFG, LLC f/k/a Voyager Financial Group, LLC, and Richard Younkman*, is affirmed as to Respondents requiring that they cease and desist from employing an unregistered agent and the selling of securities through the use of misstatements and omissions of material information in violation of the Act and Rules.

A. Heath Abshure

A. Heath Abshure
Arkansas Securities Commissioner

June 23, 2014
Date

Andrew Gamber, individually and on behalf of VFG, LLC f/k/a Voyager Financial Group, LLC, as its managing member, hereby agrees to the entry of this Consent Order, and consent to all terms, conditions, and orders contained therein, and waives any right to an appeal of this Order.

A. Gamber

Andrew Gamber

6-19-14
Date

Approved as to Content and Form:

Douglas Buford, Attorney for
VFG and Gamber

6/20/14
Date

Kaycee Wolf

Kaycee Wolf, Staff Attorney
Arkansas Securities Department

6/23/2014
Date

Scott Freydl 6/23/14

Scott Freydl, Staff Attorney Date

Arkansas Securities Department

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STATE OF FLORIDA
OFFICE OF FINANCIAL REGULATION

IN RE:	Administrative Proceeding Docket Number:
VFG, LLC, f/k/a VOYAGER FINANCIAL GROUP, LLC,	0204-I-09/13
and CHAD E. HILL,	0204a-I-09/13
and WARREN R. THOMPSON, CRD # 856361	0204b-I-09/13
and GARY M. PAULZAK, CRD # 1214583	0204c-I-09/13
Respondents,	

DOCKETED 8/26/2014 LEGAL

FINAL ORDER AND NOTICE OF RIGHTS AS TO VFG, LLC, f/k/a VOYAGER FINANCIAL GROUP, LLC ONLY

The State of Florida, Office of Financial Regulation (hereinafter "Office"), being charged with the administrative and civil enforcement of Chapter 517, Florida Statutes, and the Rules promulgated thereto, hereby enters this Final Order and Notice of Rights against VFG, LLC f/k/a Voyager Financial Group, LLC, ("VFG"), for violations of Chapter 517, Florida Statutes, and in support thereof makes the following Findings of Fact and Conclusions of Law:

FINDINGS OF FACT

1. On or about June 23, 2014, the Office issued an Administrative Complaint (hereinafter "Complaint"). A copy of which is attached hereto as Exhibit "A."

2. The Complaint incorporated a Notice of Rights. Said Notice fully advised VFG it had 21 days after receipt of the Complaint to request an Administrative Hearing from the Office and that failure to do so would constitute a waiver of such rights.

3. The Complaint was served upon VFG on July 21, 2014. A copy of the United States Postal Service electronic delivery receipt is attached hereto as Exhibit "B."

4. As of the date of entry of this Final Order, VFG has failed to file a petition for hearing or to file any other document with the Office.

5. The Respondent has not alleged any basis for equitable tolling. See Patz v. Dept. of Health, 864 So.2d 79 (Fla. 3rd DCA 2003).

6. The Statement of Facts, as set forth in the Complaint, being uncontested by VFG, are therefore accepted as true and correct and is adopted by the Office as the Findings of Fact of this Final Order and Notice of Rights.

CONCLUSIONS OF LAW

7. VFG failed to file a Petition for an administrative hearing or any other document demonstrating compliance with Rule 28-106.2015, Florida Administrative Code, within 21 days of receipt of the Complaint, and therefore have waived their right to a hearing. See Rule 28-106.111(4), Florida Administrative Code.

7. The Conclusions of Law set forth in the Complaint being uncontested by VFG are hereby accepted as true and correct and are adopted by the Office as the Conclusions of Law in this Final Order.

FINAL ORDER

NOW THEREFORE, based on the foregoing Findings of Fact and Conclusions of Law, it is hereby **ORDERED** that:

1. VFG shall CEASE AND DESIST from any further violations of Chapter 517, Florida Statutes and the rules promulgated thereto.

2. Within thirty (30) days of the docketing of this Final Order, VFG shall pay an ADMINISTRATIVE FINE of $60,000.00. This administrative fine shall be submitted in the form of a money order or cashier's check made payable to Department of Financial Services. Such payment shall reference Administrative Proceeding Docket Number 0204-I-09/13 and shall be sent to the attention of Agency Clerk, Post Office Box 8050, Tallahassee, Florida 32314-8050.

DONE and ORDERED this 26th day of August 2014, in Tallahassee, Leon County, Florida.

DREW J. BREAKSPEAR, Commissioner
Office of Financial Regulation

NOTICE OF RIGHTS

A PARTY WHO IS ADVERSELY AFFECTED BY THIS FINAL ORDER IS ENTITLED TO JUDICIAL REVIEW PURSUANT TO SECTION 120.68, FLORIDA STATUTES. REVIEW PROCEEDINGS ARE GOVERNED BY THE FLORIDA RULES OF APPELLATE PROCEDURE. SUCH PROCEEDINGS ARE COMMENCED BY FILING AN ORIGINAL NOTICE OF APPEAL WITH THE AGENCY CLERK OF THE OFFICE OF FINANCIAL REGULATION, THE FLETCHER BUILDING, SUITE 118, 200 EAST GAINES STREET, TALLAHASSEE, FLORIDA 32399-0379 OR BY MAIL TO P.O. BOX 8050, TALLAHASSEE, FLORIDA 32314-8050, AND A COPY, ACCOMPANIED BY THE FILING FEES AS REQUIRED BY LAW, WITH THE DISTRICT COURT OF APPEAL, FIRST DISTRICT, 2000 DRAYTON DRIVE, TALLAHASSEE, FLORIDA 32399-0950, OR WITH THE DISTRICT COURT OF APPEAL IN THE APPELLATE DISTRICT WHERE THE PARTY RESIDES. **THE NOTICE OF APPEAL MUST BE FILED WITHIN 30 DAYS OF RENDITION OF THE ORDER TO BE REVIEWED.**

(47)

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Final Order was sent by U.S. Mail, to the below service list, on this 26th day of August, 2014.

GIGI GUTHRIE
Agency Clerk
Florida Office of Financial Regulation
Post Office Box 8050
Tallahassee, FL 32314-8050
Email: Agency.Clerk@flofr.com
Tel: (850) 410-9889
Fax: (850) 410-9663

Service List:

VFG, LLC f/k/a Voyager Financial Group, LLC
900 S. Shackleford Rd., Suite 300
Little Rock, AR 72211

Chad E. Hill
6022 Sterling River Way
Niceville, FL 32578

Warren R. Thompson
Annuity Pros, Inc.
362 Gulf Breeze Parkway, Suite 380
Gulf Breeze, FL 32561

Gary M. Paulzak
171 Eldridge Rd
Fort Walton Beach, FL 32547

STATE OF FLORIDA
OFFICE OF FINANCIAL REGULATION

IN RE:

VFG, LLC
f/k/a VOYAGER FINANCIAL GROUP, LLC

Administrative Proceeding Nos.: 0204-I-09/13

and CHAD E. HILL,

0204a-I-09/13

and WARREN R. THOMPSON,
CRD # 856361

0204b-I-09/13

and GARY M. PAULZAK,
CRD # 1214583

0204c-I-09/13

Respondents.
_____/

ADMINISTRATIVE COMPLAINT AND NOTICE OF RIGHTS

The State of Florida, Office of Financial Regulation ("Office"), being authorized and directed to administer and enforce Chapter 517, Florida Statutes, and having reason to believe that Respondents VFG, LLC f/k/a Voyager Financial Group, LLC, ("VFG") and Chad E. Hill, ("Hill"), and Warren R. Thompson, ("Thompson"), CRD # 856361, and Gary M. Paulzak, ("Paulzak"), CRD # 1214583, (collectively "Respondents"), violated Chapter 517, Florida Statutes, hereby files this Administrative Complaint and Notice of Rights ("Complaint"). The Office gives notice to Respondents that, pursuant to Chapter 517, Florida Statutes, the Office will enter a Final Order imposing statutory penalties authorized by Chapter 517, Florida Statutes, as provided in Section 517.221, Florida Statutes. In support thereof, the Office states the following:

I. STATUTORY AUTHORITY AND JURISDICTION

1. The Office is the state agency charged with the administration and enforcement of Chapter 517, Florida Statutes, and the rules promulgated thereunder, pursuant to Sections 20.121(3)(a)2., and 517.03(1), Florida Statutes.

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EXHIBIT A

2. The Office has jurisdiction over the subject matter by virtue of Section 20.121(3)(a)2., Florida Statutes, and Respondents pursuant to the provisions of Section 517.12, Florida Statutes.

II. STATEMENTS OF FACT COMMON TO ALL COUNTS

3. VFG is a Delaware limited liability corporation, with its last known principal place of business at 801 Technology Drive, Suite F, Little Rock, Arkansas 72223.

4. At no time material hereto, has VFG been licensed or registered with the Office in any capacity pursuant to Chapter 517, Florida Statutes.

5. Hill is a registered insurance agent, holding license number E14971. Hill is not presently and at no time material hereto been licensed or registered with the Office in any capacity pursuant to Chapter 517, Florida Statutes.

6. Hill's last known address is 6022 Sterling River Way, Niceville, FL 32578.

7. Thompson is registered as an insurance agent, holding license number A264746. He was previously registered with the Office as an associated person beginning in 1978. He was last registered with the Office as an associated person of Peak Securities Corporation from March 2006 through July 2007. Thompson is not presently, and at no time material hereto has he been, registered with the Office in any capacity pursuant to Chapter 517, Florida Statutes.

8. Thompson's last known address is 3771 Victorian Blvd., Gulf Breeze, FL 32563.

9. Paulzak is registered as an insurance agent, holding license number A202245. He was previously registered with the Office as an associated person beginning in 1988. Paulzak was last registered with the Office as an associated person of Girard Securities Inc. from April 2003 through April 2005. Paulzak is not presently, and at no time material hereto has he been, registered with the Office in any capacity pursuant to Chapter 517, Florida Statutes.

10. Paulzak's last known address is 171 Eldridge Rd., Fort Walton Beach, FL 32547.

11. The Office conducted an investigation of VFG's records for the period February 2011 through July 2012 pursuant to Section 517.201, Florida Statutes.

THE VFG "PROGRAM"

12. VFG facilitated transactions between buyers and sellers of income streams ("stream" or "streams") derived from assets that have fixed payment amounts and terms, such as retirement or military pension streams. VFG marketed its services and products through its "independent contractors," "agents" and various internet websites. Potential sellers would contact VFG. VFG would then determine the present value of the streams, and sell the streams to investors through the various independent sales agents including the Respondents. An individual who wanted to sell his or her stream would appoint VFG as their agent to submit a contingent offer to a third-party buyer. VFG submitted an offer sheet to the buyer through one of its independent sales agents, including the Respondents. The investor would pay the purchase price to VFG. VFG provides the buyer with a "closing book" comprised of all the information gathered from the seller regarding the income stream. The buyer and seller would not directly communicate during this process. All information and contracts were provided by VFG. All paperwork bore the VFG logo. If a buyer wanted to purchase a stream, the buyer would be given a purchase application, and then VFG would accept the offer to purchase on behalf of the seller. VFG kept track of and updated inventory lists to forward to its independent sales agents to sell to buyers. The buyer would not acquire title or ownership of the underlying asset that provided the stream, only a contractual right, to the extent deliverable by the seller, to receive the income stream from the annuity or pension. Once the seller assigned the right to receive the stream to the buyer, the seller created an escrow account in his or her name and control. The seller then granted the escrow company durable power of attorney enabling the escrow company to manage that account and the stream funds received. VFG would work with the buyer to instruct the escrow company to direct payments of a monthly amount to the

buyer for the term agreed upon at the time of sale. Because the buyer would not acquire title or ownership of the underlying asset that provides the stream, sellers could redirect the stream back to themselves at any time, leaving the buyers with only a legal claim.

13. At no time material hereto, was VFG licensed or registered with the Office in any capacity pursuant to Chapter 517, Florida Statutes.

14. VFG marketed and sold unregistered securities in the form of streams to investors in Florida though independent sales agents including the Respondents to at least four Florida residents.

15. Hill sold streams through VFG, directly or indirectly with Paulzak and Thompson, to at least three Florida investors.

16. Thompson sold streams through VFG, directly or indirectly, to at least two Florida residents.

17. Paulzak sold streams through VFG, directly or indirectly, to at least two Florida residents.

COUNT I – Violation of § 517.07, Florida Statutes, - sale of unregistered securities

18. The Office re-alleges and hereby incorporates by reference the allegations contained within Paragraphs 1 – 17.

19. Respondents violated Section 517.07, Florida Statutes, by selling securities within Florida, which did not qualify for an exemption under Sections 517.051 or 517.061, Florida Statutes, and which were not federally covered securities and which were not registered pursuant to Chapter 517, Florida Statutes.

COUNT II – Violation of § 517.12(1), Florida Statutes, - sale by unregistered dealer and associated persons

20. The Office re-alleges and hereby incorporates by reference the allegations contained within Paragraphs 1 – 17.

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21. Respondents violated Section 517.12(1), Florida Statutes, by selling securities within Florida without first being registered pursuant to Section 517.12, Florida Statutes.

SANCTIONS

Cease and Desist

22. Section 517.221(1), Florida Statutes, authorizes the Office to issue and serve upon any person a CEASE AND DESIST order whenever the Office has reason to believe that such person is violating, has violated, or is about to violate any provision of Chapter 517, Florida Statutes, or any rule or order promulgated by the Office.

Administrative Fine

23. Section 517.221(3), Florida Statutes, provides that the Office may impose and collect an administrative fine against any person found to have violated any provision of Chapter 517, Florida Statutes, or any rule or order promulgated by the Office in an amount not to exceed $10,000 for each such violation.

Disciplinary Guidelines

24. The Office's disciplinary guidelines are set forth at Rule 69W-1000.001, Florida Administrative Code, pursuant to Section 517.1611(1), Florida Statutes, and may be accessed via the internet at http://www.flofr.com/securities/index/htm.

PROPOSED AGENCY ACTION

1. NOTICE IS HEREBY PROVIDED that the Office will enter a Final Order in this matter, subject only to the Notice of Rights herein. In its Final Order, the Office will:

a. Order Respondents to CEASE AND DESIST from violations of Chapter 517, Florida Statutes, and any rule or order promulgated by the Office.

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b. Impose an administrative fine in the amount of $60,000.00 on VFG, LLC, f/k/a Voyager Financial Group, LLC.

c. Impose an administrative fine in the amount of $45,000.00 on Chad E. Hill.

d. Impose an administrative fine in the amount of $30,000.00 on Warren Thompson.

e. Impose an administrative fine in the amount of $30,000.00 on Gary M. Paulzak.

f. Impose any other action or further relief as may be necessary and appropriate.

NOTICE OF RIGHTS

NOTICE IS HEREBY GIVEN that the Respondents may request a hearing to be conducted in accordance with the provisions of Sections 120.569 and 120.57, Florida Statutes. Requests for such a hearing must comply with the appropriate provisions of Rules 28-106.104, 28-106.201, 28-106.301, and/or 28-106.2015, Florida Administrative Code, as appropriate. Requests must be filed **within twenty-one (21) days of the receipt of this Administrative Complaint** and must be filed with:

Agency Clerk
Office of Financial Regulation
Office of the General Counsel
Suite 118, The Fletcher Building
200 East Gaines Street
Tallahassee, FL 32399-0379
(850) 410-9889

OR

Agency Clerk
Office of Financial Regulation
Office of the General Counsel
P.O. Box 8050
Tallahassee, FL 32314-8050
(850) 410-9889

Failure to request a hearing within twenty-one (21) days of receipt of this Administrative Complaint shall be deemed a waiver of all rights to a hearing, and a Final Order will be entered without further notice. Should the Respondents request such a hearing, Respondents have the right to be represented by counsel or other qualified representative, to offer testimony, either written or oral; to

call and cross-examine witnesses; and to have subpoenas and subpoenas duces tecum issued on their behalf.

Pursuant to Section 120.573, Florida Statutes, Respondents are further advised that mediation is not available.

Douglas M. Holcomb
Florida Bar No. 0061506
Assistant General Counsel
Office of Financial Regulation
400 W. Robinson Street, Suite S-225
Orlando, FL 32801
(407) 245 – 0608

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Administrative Complaint and Notice of Rights was provided by certified mail, return receipt requested, to the below service list this 23rd day of June, 2014.

Douglas M. Holcomb,
Assistant General Counsel

Service List:

VFG, LLC f/k/a Voyager Financial Group, LLC
801 Technology Drive, Suite F
Little Rock, Arkansas 72223
91 7199 9991 7034 3459 6988

91 7199 9991 7034 3459 6889

91 7199 9991 7034 3459 6902

Chad E. Hill
6022 Sterling River Way
Niceville, FL 32578
91 7199 9991 7034 3459 6971

Warren R. Thompson
3771 Victorian Blvd
Gulf Breeze, FL 32563
91 7199 9991 7034 3459 6964

Gary M. Paulzak
171 Eldridge Rd
Fort Walton Beach, FL 32547
91 7199 9991 7034 3459 6957

(56)

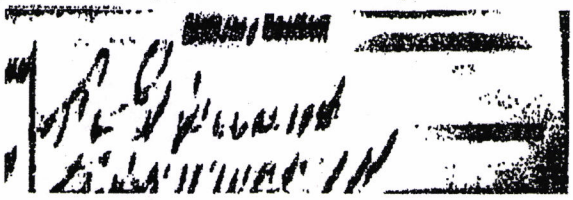
UNITED STATES POSTAL SERVICE.

Date: July 21, 2014

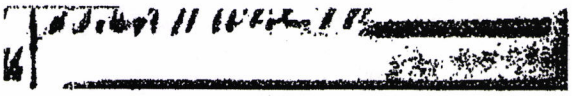
andrea CAIN:

The following is in response to your July 21, 2014 request for delivery information on your Certified Mail™ item number 9171999991703434596889. The delivery record shows that this item was delivered on July 21, 2014 at 9:24 am in LITTLE ROCK, AR 72211. The scanned image of the recipient information is provided below.

Signature of Recipient :



Address of Recipient :



Thank you for selecting the Postal Service for your mailing needs.

If you require additional assistance, please contact your local Post Office or postal representative.

Sincerely,
United States Postal Service

EXHIBIT B

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STATE OF CALIFORNIA

BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY

DEPARTMENT OF BUSINESS OVERSIGHT

TO: Voyager Financial Group, LLC
VFG, LLC
1431 Merrill Dr., Suite H
Little Rock , AR 72211

801 Technology Drive, Suite F
Little Rock, AR 72223
and
http://voyager-financial.com

DESIST AND REFRAIN ORDER

(For violations of section 25401 of the Corporations Code)

The Commissioner of Business Oversight finds that:

1. At all relevant times, Voyager Financial Group, LLC, a Delaware limited liability company, maintained addresses at 1431 Merrill Dr., Suite H, Little Rock, Arkansas, 72211 and 801 Technology Drive, Suite F, Little Rock, Arkansas 72223. Voyager Financial Group, LLC also engaged in business under the name VFG, LLC ("Voyager"). Voyager maintained a website at http://voyager-financial.com.

2. According to the website at http://voyager-financial.com, Voyager "is a national distributor, broker, and consulting firm for a diverse array of products, services, and contracts in the financial services arena." Further, according to the website, Voyager "specializes in the factored income stream market, working to satisfy the needs both of individuals and entities receiving structured payments and those wishing to take advantage of the stability and return on investment that these products can bring."

3. Beginning in at least 2012, Voyager offered or sold securities, in the form of investment contracts, called "Veterans Benefits" or "Veterans Benefits' Contracts." Voyager structured and promoted investment transactions between investors and sellers, usually veterans of the armed forces who receive structured payments such as a military pension or disability benefits from the United States government. Voyager identified potential sellers and persuaded them to sell to investors a portion of their future government payments for a lump sum. Voyager prepared and provided to the investor and seller contractual documents such as a "Sales Assistance Agreement," "Purchase Application (for the Purchase of Payments)," "Contract for Sale of Payments" and "Offer of Sale of Payments."

4. In connection with these offers and sales of securities, Voyager failed to fully disclose to potential investors that:

a. The assignment of United States government pensions and disability benefits is prohibited by federal law, specifically 37 United States Code, section 701, and 38 United States Code, section 5301; and

b. The investors did not acquire title or ownership of the underlying asset that provided the income stream from the government payment, but merely a potential contractual right to receive the income stream. Sellers, who lawfully retained the legal right to receive the government payments, could redirect the income stream away from Voyager's control at any time, leaving the investors with only a potential legal claim for recovery of the government payments against the sellers.

Based upon the foregoing findings, the Commissioner of Business Oversight is of the opinion that the securities offered or sold, by Voyager Financial Group, LLC and VFG, LLC were offered or sold in this state by means of written or oral communications that omitted to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, in violation of section 25401 of the California Corporate Securities Law of 1968.

Pursuant to Corporations Code section 25532, subdivision (c), Voyager Financial Group, LLC and VFG, LLC and those who act on their behalf are hereby ordered to desist and refrain from offering and selling securities in the State of California by means of any written or oral

communication which includes an untrue statement of material fact or omits to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

This Order is necessary, in the public interest, for the protection of investors and consistent with the purposes, policies, and provisions of the Corporate Securities Law of 1968.

Dated: November 7, 2014
San Diego, California

JAN LYNN OWEN
Commissioner of Business Oversight

By _____
MARY ANN SMITH
Deputy Commissioner of Enforcement

JOHN MORGAN
SECURITIES COMMISSIONER

RONAK V. PATEL
DEPUTY SECURITIES COMMISSIONER

Mail: P.O. BOX 13167
AUSTIN, TEXAS 78711-3167

Phone: (512) 305-8300
Facsimile: (512) 305-8310

Texas State Securities Board

208 E. 10th Street, 5th Floor
Austin, Texas 78701-2407
www.ssb.texas.gov

IN THE MATTER OF
SOBELL CORP. AND ANDREW GAMBER

§ Order No. ENF-16-CDO-1741
§

TO: SoBell Corp.
1000 Highland Colony Park, Suite 5203, Ridgeland, MS 39157, and
c/o Capital Corporate Services, Inc., 248 East Capital Street, Suite 840,
Jackson, MS 39201

Andrew Gamber
1000 Highland Colony Park, Suite 5203, Ridgeland, MS 39157, and
742 CR 464, Jonesboro, AR 72404

EMERGENCY CEASE AND DESIST ORDER

This is your OFFICIAL NOTICE of the issuance by the Securities Commissioner of the State of Texas ("**Securities Commissioner**") of an EMERGENCY CEASE AND DESIST ORDER pursuant to Section 23-2 of The Securities Act, Tex. Rev. Civ. Stat. Ann. arts. 581-1 to 581-44 (West 2010 & Supp. 2015) (the "**Texas Securities Act**").

The Staff of the Enforcement Division of the Texas State Securities Board ("**the Securities Board**") has presented evidence sufficient for the Securities Commissioner to find that:

FINDINGS OF FACT

1. SoBell Corp. ("**Respondent SoBell**") is a Mississippi Profit Corporation. It maintains a last known address at 1000 Highland Colony Park, Suite 5203, Ridgeland, MS 39157.

2. Andrew Gamber ("**Respondent Gamber**") is the Incorporator of Respondent SoBell. He maintains last known addresses at 1000 Highland Colony Park, Suite 5203, Ridgeland, MS 39157 and 742 CR 464, Jonesboro, AR 72404.

3. Respondents are describing Respondent SoBell as follows:

(6)

a. Respondent SoBell is offering and selling structured cash flows that offer "Predictable Income," "Fixed Returns," and "Flexible Terms."

b. Respondent SoBell is "a factoring company that specializes in facilitating the purchase of a broad range of Structured Cash Flows."

c. Respondent SoBell's "management has decades of experience in the financial services industry, and has partnered with multiple law and debt collection firms to provide industry-leading contractual agreements, escrow services and risk mitigation techniques."

d. Respondent SoBell "is responsible for the overall business and operations of the sales process."

4. Respondents are offering and selling pension income stream investment opportunities in Texas (the "**SoBell Pension Income Stream Program**"). The SoBell Pension Income Stream Program is described as follows:

a. The seller of the structured cash flow, through a signed agreement, grants Respondent SoBell, as the seller's agent, the authority to sell the income stream on their behalf for a pre-negotiated price.

b. Once a buyer (the "**investor**") has been found, the original income recipient, or seller, is selling a fixed payment arising from a certain structured asset to the investor for the designated payment term. This is accomplished through a dually executed Contract for Sale of Payments.

c. Prior to closing, the seller must execute and send verification that directs the pension plan to divert the pension income stream to a designated servicing company, who in turn sends a new distribution to the investor.

d. The typical purchase price for an investor starts at $35,000.00 and can go as high as $1,000,000.00 or more. The payment terms are available in one-year increments starting with five-year terms and going up to ten-year terms.

e. The effective annual rate of return for the investor ranges from 7%-8% depending on the length of the payment term selected by the investor.

f. As part of the transaction, a collateral assignment of a life insurance policy on the life of the seller for the payment term of the investment is executed by the seller.

g. The investor is provided with the option to elect to receive a corporate promissory note to be issued by Performance Arbitrage, Inc. ("PAC") in the event of default of payments by the pensioner.

h. Respondents represent that the SoBell Pension Income Stream Program involves pension plans from employees of the federal government, branches of the U.S. military, and/or certain corporations; and structured settlement annuities that come from highly-rated insurers such as New York Life, Metropolitan Life, John Hancock, Liberty Life, Pacific Life and others.

5. The SoBell Pension Income Stream Program has not been registered by qualification, notification or coordination, and no permit has been granted for its sale in Texas.

6. In connection with the offer of the SoBell Pension Income Stream Program, Respondents are intentionally failing to disclose material facts, to wit:

a. On or about April 22, 2013, the Arkansas Securities Commissioner issued Cease and Desist Order No. S-12-0015-13-OR02, styled In The Matter of VFG, LLC f/k/a Voyager Financial Group, LLC, Andrew Gamber, Kevin McNay, Robert Henry, and Jonathan Sheets. The Cease and Desist Order related to the sale of pension income streams in Arkansas by VFG Financial Group, LLC. The Order found that VFG Financial Group, LLC and the other above-named parties violated the Arkansas Securities Act by selling an unregistered security and ordered said parties to cease and desist from any further actions in Arkansas in connection with the offer or sale of securities and any other violation of the Arkansas Securities Act and Rules.

b. On or about March 18, 2014, the Arkansas Securities Commissioner issued a Second Cease and Desist Order No. S-12-0015-14-OR06, styled In the Matter of VFG, LLC, f/k/a Voyager Financial Group, LLC, and Richard Younkman. The Second Cease and Desist Order related to the sale of pension income streams in Arkansas by VFG, LLC and Richard Younkman. The Order found that, in connection with the sale of a security, the parties omitted and failed to provide investors with full and complete disclosure of material facts and that the parties made material misstatements to investors in violation of the Arkansas Securities Act. VFG, LLC and Younkman were ordered to cease and desist from offering and/or selling securities in Arkansas in violation of the Arkansas Securities Act and to immediately cease and desist from employing unregistered sales agents and selling securities through the use of misstatements and omissions of material facts in violation of said Act.

c. On or about June 23, 2014, the Arkansas Securities Commissioner issued Consent Order No. S-12-0015-14-OR07, styled In the Matter of VFG, LLC f/k/a Voyager Financial Group, LLC and Andrew Gamber. The Order related to the sale of pension income streams in Arkansas by VFG, LLC. The Order found that the parties failed to gather suitability information

from investors, omitted and failed to provide investors with full and complete disclosure of material facts and misstated facts in violation of the Arkansas Securities Act. Pursuant to the Order, VFG, LLC was ordered to offer restitution to investors and Orders No. S-12-0015-13-OR02 and No. S-12-0015-14 were affirmed. On or about June 19, 2014, Andrew Gamber agreed to the entry of the Consent Order and signed the Order both individually and on behalf of VFG, LLC *f/k/a* Voyager Financial Group, LLC as its managing member.

d. On or about April 29, 2014, Andrew Gamber, on behalf of Respondent VFG, LLC *f/k/a* Voyager Financial Group, LLC, entered into and signed a Consent Agreement and Order styled Commonwealth of Pennsylvania Department of Banking and Securities, Bureau of Securities, Licensing, Compliance and Enforcement v. VFG, LLC *f/k/a* Voyager Financial Group, LLC, Docket No. 130069 (SEC-CAO). Pursuant to the Order, VFG, LLC *f/k/a* Voyager Financial Group, LLC was permanently barred from representing an issuer offering or selling securities in Pennsylvania, acting as a promoter, officer, director or partner of an issuer offering or selling securities in Pennsylvania, being registered or affiliated with any person registered as a broker-dealer, agent, investment adviser or investment adviser representative and relying on any exemption from registration.

e. The default rates relating to the sale of pension income streams by companies controlled and incorporated by Respondent Gamber.

f. The assets, liabilities, operating history and control persons of Performance Arbitrage Company, Inc.

g. After sales were made by VFG, LLC *f/k/a* Voyager Financial Group, LLC, and after the issuance of the above-mentioned Arkansas Cease and Desist Order No. S-12-0015-13-OR02, sales of substantially the same investment as VFG, LLC were made by a company named BAIC, Inc., which was subsequently controlled by Respondent Gamber.

h. That Michelle Plant, the Vice President of PAC, was also the Director of Compliance for VFG, LLC.

7. Respondents are making an offer containing statements that are materially misleading or otherwise likely to deceive the public by touting the experience of Respondent SoBell's management and not disclosing the following information:

a. Respondent SoBell was incorporated in Mississippi by Respondent Gamber who was also a managing member for VFG, LLC *f/k/a* Voyager Financial Group, LLC, the company named in the above-mentioned orders.

b. On or about November 7, 2014, the California Department of Business Oversight issued a Desist & Refrain Order that found that Voyager Financial Group, LLC and VFG, LLC violated the California Corporate Securities Law of 1968 in connection with the sale of pension income streams by omitting to state a material fact necessary in order to make the statements made not misleading. Pursuant to the Order, Voyager Financial Group, LLC and VFG, LLC were ordered to desist and refrain from offering and selling securities in California by means of any communication which included an untrue statement of material fact or omission of material fact necessary in order to make the statements not misleading.

c. On or about December 10, 2013, the Securities Division of the New Mexico Regulation and Licensing Department issued a corrected Order to Cease & Desist and Notice of Intent to Impose Sanctions, Case No. 13-10-0013, styled In the Matter of VFG, LLC f/k/a Voyager Financial Group, Equity Advisors, LLC and Sydney Evans. The Order related to the sale of pension income streams from United States Government pensions and found that VFG, LLC deceived investors in connection with said sales and that through agents, VFG, LLC failed to adequately disclose the risks of the investment as well as the prohibition against assigning pension payments under federal law.

CONCLUSIONS OF LAW

1. The above-described investments are "securities" as that term is defined by Section 4.A of the Texas Securities Act.

2. Respondents are violating Section 7 of the Texas Securities Act by offering and selling securities in Texas at a time when the securities are not registered with the Securities Commissioner.

3. Respondents are engaging in fraud in connection with the offer for sale or sale of securities.

4. Respondents are making an offer containing a statement that is materially misleading or otherwise likely to deceive the public.

5. Respondents' conduct, acts, and practices threaten immediate and irreparable public harm.

6. The foregoing violations constitute bases for the issuance of an Emergency Cease and Desist Order pursuant to Section 23-2 of the Texas Securities Act.

ORDER

1. It is therefore ORDERED that Respondents immediately CEASE AND DESIST from offering for sale and selling any security in Texas until the security is registered with the Securities Commissioner or is offered for sale pursuant to an exemption from registration under the Texas Securities Act.

2. It is further ORDERED that Respondents immediately CEASE AND DESIST from engaging in any fraud in connection with the offer for sale of any security in Texas.

3. It is further ORDERED that Respondents immediately CEASE AND DESIST from offering securities in Texas through an offer containing a statement that is materially misleading or otherwise likely to deceive the public.

NOTICE

Pursuant to Section 23-2 of the Texas Securities Act, you may request a hearing before the 31st day after the date you were served with this Order. The request for a hearing must be in writing, directed to the Securities Commissioner, and state the grounds for the request to set aside or modify the Order. Failure to request a hearing will result in the Order becoming final and non-appealable.

You are advised under Section 29.D of the Texas Securities Act that any knowing violation of an order issued by the Securities Commissioner under the authority of Section 23-2 of the Texas Securities Act is a criminal offense punishable by a fine of not more than $10,000, or imprisonment in the penitentiary for not more than ten years, or by both such fine and imprisonment.

SIGNED AND ENTERED by the Securities Commissioner this 1st day of February, 2016.

JOHN MORGAN
Securities Commissioner

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OFFICE OF THE MISSISSIPPI SECRETARY OF STATE
SECURITIES DIVISION

IN THE MATTER OF **SoBell Corp., BAIC, Inc., Voyager Financial Group, LLC** **and** **Andrew Gamber, Individually** ***Respondents***	**Administrative CD Order Number LS-16-1891**

CEASE AND DESIST ORDER

WHEREAS, the Securities Division of the Mississippi Secretary of State ("Division"), has the authority to administer and provide for the enforcement of all provisions of the Mississippi Securities Act ("Act") codified at Mississippi Code Annotated Sections 75-71-101, *et seq.*; and

WHEREAS, Respondents are violating the Act by offering and selling unregistered securities and engaging in fraud in connection therewith, and/or are intending to offer and sell unregistered securities and engage in fraud in connection with said sales, in the State of Mississippi, and/or while situated within the State of Mississippi; and

WHEREAS, the Division is empowered to issue an order directing any person to cease and desist from engaging in the act, practice, or course of business when the Administrator determines a person has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation of this chapter or a rule adopted or order issued under this chapter; and

(68)

WHEREAS, action by the Division in this instance is necessary and appropriate in the public interest and for the protection of investors, and is consistent with the purposes fairly intended by the policy and provisions of the Act;

NOW, THEREFORE, the Division, as Administrator of the Act, hereby enters its Cease and Desist Order:

I. PARTIES

1. The Secretary of State ("Administrator") has the authority, pursuant to the Act, to administer and enforce the Act and regulate the offer and sale of securities in Mississippi, including the firms and persons who offer or sell securities or who provide investment advice regarding securities.

2. Respondent Andrew Gamber ("Gamber") is an individual with a last known residence at 742 County Road 464 in Jonesboro, Arkansas 72404.

3. Voyager Financial Group, LLC ("VFG") is a Delaware for-profit corporation, having filed its Articles of Incorporation in Delaware on April 12, 2012. Gamber is, or at all relevant times was, VFG's Managing Member.

4. Respondent BAIC, Inc., ("BAIC") is a Texas for-profit corporation, having filed its Articles of Incorporation on or about July 20, 2012, with its initial principal place of business being 211 E. 7th Street, Suite 620, Austin, Texas 78701. Gamber is, or at all relevant times was, the President of BAIC.

5. From the time of the filing of its Articles of Incorporation on February 5, 2015, through November 30, 2016 when it was administratively dissolved, Respondent SoBell Corp. ("SoBell") was a Mississippi for-profit corporation, with its initial principal address being 1000 Highland Colony Park, Suite 5203, Ridgeland, Mississippi 39157. Gamber is the sole incorporator of SoBell.

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II. FINDINGS OF FACT

6. None of the Respondents are registered in the Central Registrations Depository ("CRD") and no Respondent has ever been registered in Mississippi as a broker-dealer, broker-dealer agent, investment adviser, or investment adviser representative.

7. Respondents have offered and sold one or more pension income stream investments, one of which is called the "SoBell Pension Income Stream Program," which are investment contracts, and thus securities within the meaning of the Act. To date, it has not been determined that any SoBell Pension Income Stream Program product was offered or sold to any Mississippi investor. Offers and sales by VFG in Mississippi to date are also unknown. At least one BAIC product was sold to a Mississippi resident. SoBell, while offering the "SoBell Pension Income Stream," had its principal place of business in Mississippi.

8. The investment contracts offered and sold by Respondents involve a program where a pensioner or other fixed settlement recipient ("seller") appoints SoBell, BAIC, or VFG as his or her agent with the authority to sell part of the pension or fixed settlement income stream on the seller's behalf for a pre-negotiated, discounted price. Respondents then match an investor ("buyer") to purchase the income stream for a determined period of time, generally five to ten years. Under the investment contract, the seller essentially "sells" or assigns his long-term benefits to the buyer for a fixed period of time. The investment model requires the seller to either escrow his pension or settlement proceeds to a third party, or to forward pension or settlement payments to the buyer in good faith.

9. Performance Arbitrage Company, Inc. ("PAC"), a Delaware for-profit corporation, incorporated on February 3, 2014, offers the investor an opportunity to mitigate the risk of the seller defaulting on payments by purchasing an Option to Purchase Defaulted Structured Asset Agreement ("OPDSAA"). Electing this option entitles the investor to receive a corporate

(10)

promissory note from PAC, to protect the investor in the event of default of payments by the pensioner. Respondents offered the OPDSAA in concert with the investment vehicles for BAIC and SoBell.

10. As the transaction facilitator, Respondents are responsible for the overall business and operations of the sales process. Respondents manage the process through a "closing book" which includes various forms. The sales process includes:

(a) Entering into a Sales Assistance Agreement with Seller to facilitate the sale of their structured cash flow in return for a pre-negotiated lump sum cash payment.

(b) Assigning a buyer (Investor) to buy the structured cash flow at an agreed upon sales price and corresponding annual effective rate of return, and having the buyer execute a "Purchase Assistance Agreement."

(c) Safeguarding the Buyer's purchase funds through an escrow account with Upstate Law Group, LLC ("ULG") (used by BAIC and SoBell) or Security Title Agency (used by VFG) until Buyer's final approval and closing of the transaction.

(d) Completing the Contract for Sale of Payments in coordination with UGL (or Security Title Agency) as the designated servicing company;

(e) Overseeing the sales due diligence process as set out in the Purchase Assistance Agreement; and

(f) Closing the transaction and providing a set of closing documents to the buyer containing all documents as set out in the Purchase Assistance Agreement.

11. For each aspect of the role of Respondents set forth in Paragraph 10 above, the "closing book" process used to facilitate the transaction, and specifically several of the documents, are nearly substantively identical, whether employed by BAIC, SoBell, or VFG. See Composite

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Exhibit A, samples of the documents used by VFG, BAIC, and SoBell, and incorporated by this reference.

12. For each BAIC or SoBell transaction, Respondents used the same escrow agent, Upstate Law Group ("ULG").

13. None of the investment products described above, offered by Respondents have ever been registered by qualification, notification, or coordination, and no permit has been granted for their sale into or from the state of Mississippi.

14. In offering the investment contract products, Respondents failed to disclose multiple material regulatory orders against Gamber, VFG, and SoBell from various states which include the following:

a. The Arkansas Securities Commission found, related to the sale of pension income streams in Arkansas by VFG, that the parties, including Gamber, violated the Arkansas Securities Act by selling unregistered securities and ordered the same parties to cease and desist from any further actions in Arkansas in connection with the offer and sale of securities and any other violation of the Arkansas Securities Act. (*See In the Matter of VFG, LLC f/k/a Voyager Financial Group, LLC, Andrew Gamber, Kevin McNay, Robert Henry, and Jonathan Sheets*, Cease and Desist Order # S-12-0015-13-OR02, April 22, 2013.) Gamber owned 100% of VFG at the time of the Order and was the managing member of VFG.

b. The Securities Division of the New Mexico Regulation and Licensing Department found, related to the sale of pension income streams from United States Government pensions, that VFG, LLC deceived investors in connection with said sales and that through agents, VFG, LLC failed to adequately disclose the risks of the investment as well as the prohibition against assigning pension payments under federal law. (*See In*

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the Matter of VFG, LLC f/k/a Voyager Financial Group, Equity Advisors, LLC and Sydney Evans, Order to Cease & Desist and Notice of Intent to Impose Sanctions, Case No. 13-10-0013, December 10, 2013.) Gamber was the managing member and one of the owners of VFG at the time of this Order.

c. The Arkansas Securities Commission found, related to the sale of pension income streams in Arkansas by VFG, LLC, in connection with the sale of a security, that the parties omitted and failed to provide investors with full and complete disclosure of material facts and that the parties made material misstatements to investors in violation of the Arkansas Securities Act. VFG, LLC was ordered to cease and desist from offering and/or selling securities in Arkansas in violation of the Arkansas Securities Act and to immediately cease and desist from employing unregistered sales agents and selling securities through the use of misstatements and omissions of material facts in violation of said Act. (*See In the Matter of VFG, LLC f/k/a Voyager Financial Group, LLC, and Richard Younkman*, Cease and Desist Order # S-12-0015-14-OR06, March 14, 2014.) Gamber owned 100% of VFG at the time of the Order and was the managing member of VFG.

d. The Pennsylvania Department of Banking and Securities entered into a consent agreement signed by Andrew Gamber on behalf of Respondent VFG, LLC f/k/a Voyager Financial Group, LLC. Pursuant to the Order, VFG, LLC f/k/a Voyager Financial Group, LLC was permanently barred from representing an issuer offering or selling securities in Pennsylvania, acting as a promoter, officer, director, or partner of an issuer offering or selling securities in Pennsylvania, being registered or affiliated with any person registered as a broker-dealer, agent, investment adviser, or investment adviser representative and relying on any exemption from registration.

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(*See Commonwealth of Pennsylvania Department of Banking and Securities, Bureau of Securities, Licensing, Compliance and Enforcement v. VFG, LLC f/k/a Voyager Financial Group, LLC*, Consent Agreement and Order Docket No. 130069 (SEC-GAO), April 29, 2014.) Gamber executed this Consent Order.

e. The Arkansas Securities Commission found, related to the sale of pension income streams in Arkansas by VFG, LLC., that the parties failed to gather suitability information from investors, omitted and failed to provide investors with full and complete disclosure of material facts, and misstated facts in violation of the Arkansas Securities Act. VFG, LLC was ordered to offer restitution to investors. On or about June 19, 2014, Gamber agreed to the entry of the Consent Order and signed the Order both individually and on behalf of VFG, LLC f/k/a Voyager Financial Group, LLC as its managing member. (*See In the Matter of VFG, LLC f/k/a Voyager Financial Group, LLC and Andrew Gamber*, Consent Order No. S-12-0015-14-OR07, June 23, 2014.) Gamber executed this Consent Order.

f. The California Department of Business Oversight on November 7, 2014, issued a Desist & Refrain Order and found that VFG violated the California Corporate Securities Law of 1968 in connection with the sale of pension income streams by omitting to state a material fact necessary in order to make the statements made not misleading. Voyager Financial Group, LLC and VFG, LLC were ordered to desist and refrain from offering and selling securities in California, by means of any communication which included an untrue statement of material fact or omission of material fact necessary in order to make the statements not misleading. Gamber owned 100% of VFG at the time of the Order and was the managing member of VFG.

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g. The Texas State Securities Board on February 1, 2016, issued an Emergency Cease and Desist Order and found that the investments described in Paragraph 7 above were securities within the meaning of the Texas Securities Act; that Respondents SoBell and Gamber offered and sold unregistered securities in Texas; that Sobell and Gamber engaged in fraud in connection with the offer or sale of securities; that Sobell and Gamber made offers to sell securities with statements that were materially misleading or otherwise likely to deceive the public; and that the public harm threatened by Respondents' acts was immediate and irreparable, and provided sufficient grounds for its emergency action. . (*See In the Matter of SoBell Corp. and Andrew Gamber*, Order No. ENF-16-CDO-1741, February 1, 2016.) Gamber was owner and managing member of VFG when he incorporated SoBell in Mississippi.

15. The Texas Order also noted that, after VFG was ordered to cease and desist by Arkansas, Respondents continued to sell the product through BAIC.

16. In offering the investment contract products from Mississippi (through SoBell) or to Mississippi residents (through BAIC), or to residents of other states (through VFG), Respondents failed to disclose default rates related to the sale of pension income streams by companies controlled and/or operated by Respondent Gamber.

17. In offering the investment contract products from Mississippi (through SoBell) or to Mississippi residents (through BAIC), or to residents of other states (through VFG), Respondents failed to disclose the assets, liabilities, operating history, as well as the control persons and inherent conflicts of PAC, which underwrote the OPDSAA.

18. In offering the investment contract products from Mississippi (through SoBell) or to

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Mississippi residents (through BAIC), or to residents of other states (through VFG), Respondents failed to disclose to potential investors that the assignment of United States Government Pensions and disability benefits is prohibited by federal law, specifically 37 United States Code, Section 701 and 38 United States Code, Section 5301.

19. Because of the similarities between the products offered, the offer and marketing methods, the substantive materials used in marketing and effecting transactions, and the overlapping parties, particularly Gamber, ULG and PAC; BAIC, which has sold products into Mississippi, SoBell, which was formed in Mississippi, and VFG are indistinguishable ventures.

20. Because of the similarities as set forth above, combined with the actions taken by other jurisdictions against Respondents, Respondents either have engaged, are engaging, or are about to engage in an act, practice, or course of business constituting a violation of the Act or its Rules.

III. APPLICABLE LAW

21. Miss. Code Ann. § 75-71-102 (28) sets forth:

> Definitions.
>
> "Security" means a note; stock; treasury stock; security future; bond; debenture; evidence of indebtedness; certificate of interest or participation in a profit-sharing agreement; collateral trust certificate; preorganization certificate or subscription; transferable share; investment contract; voting trust certificate; certificate of deposit for a security; fractional undivided interest in oil, gas, or other mineral rights; put, call, straddle, option, or privilege on a security, certificate of deposit, or group or index of securities, including an interest therein or based on the value thereof; put, call, straddle, option, or privilege entered into on a national securities exchange relating to foreign currency; or, in general, an interest or instrument commonly known as a "security"; or a certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing. The term includes both a certificated and an uncertificated security. The term does not include an insurance or endowment policy or annuity contract under which an insurance company promises to pay a sum of money either in a lump sum or periodically for life or other specified period; or an interest in a contributory or noncontributory pension or welfare plan subject to the Employee Retirement Income Security Act of 1974. An "investment contract" includes, among other contracts, an investment in a limited partnership, an interest in a

limited liability company, an investment in a viatical settlement or similar agreement, and an investment in a common enterprise with the expectation of profits to be derived primarily from the efforts of a person other than the investor and a "common enterprise" means an enterprise in which the fortunes of the investor are interwoven with those of either the person offering the investment, a third party, or other investors.

22. Miss. Code Ann. § 75-71-301 sets forth:

Securities registration requirement.
It is unlawful for a person to offer or sell a security in this state unless:
(1) The security is a federal covered security;
(2) The security, transaction, or offer is exempted from registration under Sections 75-71-201 through 75-71-203; or
(3) The security is registered under this chapter.

23. Miss. Code Ann. § 75-71-501 sets forth:

General fraud.
It is unlawful for a person, in connection with the offer, sale, or purchase of a security, directly or indirectly:
(1) To employ a device, scheme, or artifice to defraud;
(2) To make an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or
(3) To engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

24. The Division may employ remedies set out in Miss. Code Ann. § 75-71-604 of the Act:

Administrative enforcement.
(a) Issuance of an order or notice. If the Administrator determines that a person has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation of this chapter or a rule adopted or order issued under this chapter or that a person has materially aiding, or is about to materially aid an act, practice, or courser of business constituting a violation of this chapter or a rule adopted or order issued under this chapter, the Administrator may:
(1) Issue an order directing the person to cease and desist from engaging in the act practice or course of business or to take other action necessary or appropriate to comply with this chapter;
(2) Issue an order denying, suspending, revoking, or conditioning the exemptions for a broker-dealer under Section 75-71-401(b)(1)(D) or (F) or an investment adviser under Section 75-71-403(b)(1)(C); or
(3) Issue an order:

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(A) Under Section 75-71-204;
(B) Imposing a civil penalty in the case of an issuer of registered securities, broker-dealer, investment advisor, agent, investment adviser representative, or other person who violated this chapter;
(C) Barring or suspending the person from association with a broker-dealer or investment advisor registered in this state; or
(D) Requiring the person to pay restitution for any loss or disgorge any profits arising from the violation, including interest.

25. Mississippi has an interest in preventing its state from being used as a base for fraudulent securities activities, as well as in protecting its own citizens from the offer and sale of the same. *See generally, Upton v. Trinidad Petroleum Corp.*, 468 F. Supp. 330, 335 (N.Dist.Al., Mar. 26, 1979); *Enntex Oil & Gas Co. v. Texas*, 560 S.W. 2d 494, 497 (Ct.Civ.App.Tex.,Dec. 13, 1977).

IV. ACTION NECESSARY TO PROTECT THE PUBLIC

26. Action by the Division is necessary and appropriate in the public interest and for the protection of investors, and is consistent with the purposes fairly intended by the policy and provisions of the Act.

27. Based upon the foregoing Findings of Fact, the Division makes the following;

V. CONCLUSIONS OF LAW

28. The Administrator, after consideration of the facts set forth above, finds and concludes that the Secretary has jurisdiction over the Respondents and this matter and that the following is in the public interest, necessary for the protection of public investors, and consistent with the purposes intended by the Act.

29. The income stream investment products are "Securities" as set forth in Miss. Code Ann. § 75-71-102(28).

30. Respondents offered and sold unregistered securities in or from Mississippi in violation of Miss. Code Ann. § 75-71-301.

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31. Respondents omitted material information about past Administrative Orders in the offer and sale of a security in violation of Miss. Code Ann. § 75-71-501(2).

32. Respondents omitted material information in not disclosing default rates related to the sale of pension income streams by companies controlled and/or operated by Respondent Gamber, in violation of Miss. Code Ann. § 75-71-501(2).

33. Respondents omitted material information in not disclosing the assets, liabilities, operating history, as well as the control persons and inherent conflicts of PAC, which underwrote the OPDSAA, in violation of Miss. Code Ann. § 75-71-501(2).

34. Respondents failed to fully disclose to potential investors that the assignment of United States Government Pensions and disability benefits is prohibited by federal law, specifically 37 United States Code, Section 701 and 38 United States Code, Section 5301 in violation of Miss. Code Ann. § 75-71-501(3).

VI. ORDER

IT IS HEREBY ORDERED:

1. That Respondents immediately CEASE AND DESIST from offering for sale and selling any security in Mississippi, or selling securities into other states through operations in Mississippi, until said securities are registered with the Division, or until Respondents have claimed and demonstrated an exemption from registration;

2. It is FURTHER ORDERED that Respondents immediately CEASE AND DESIST from engaging in any fraud in connection with the offer for sale of any security in Mississippi, or through its operations in Mississippi; and

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3. It is FURTHER ORDERED that Respondents immediately CEASE AND DESIST from offering securities based on statements that operate or would operate as a fraud or deceit upon another person.

VII. RIGHT TO AN ADMINISTRATIVE HEARING

If the Respondents wish to contest the allegations set forth above, or offer evidence and arguments to mitigate the allegations, then the Respondents must file a request for hearing. Such request shall be made in writing to Jeffrey Lee, Senior Attorney, Securities Division of the Mississippi Secretary of State's Office, Post Office Box 136, Jackson, Mississippi 39205, within thirty (30) days from the date of receipt of this Cease and Desist Order. In the event such a hearing is requested, the Respondents may appear, with or without the assistance of an attorney, on a date and at a time and place to be specified and cross-examine witnesses, present testimony, evidence, and argument relating to the matters contained herein. Upon request, subpoenas may be issued for the attendance of witnesses and for the production of books and papers on the Respondents' behalf at the hearing relating to the matters contained herein. If an administrative hearing is requested, written notice of the date, time and place, will be given to all parties by certified mail, return receipt requested. Said notice will also designate a Hearing Officer. If a request for hearing is not timely filed, this Cease and Desist Order becomes final without any further action by operation of law.

VIII. CONSEQUENCE OF VIOLATION OF ORDER

Respondents are advised that a violation of an Order issued by the Administrator may result in a fine of up to Twenty-Five Thousand Dollars ($25,000.00) for each violation.

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IX. PUBLIC INTEREST

The actions taken and proposed to be taken herein by the Secretary of State are in the public interest and are consistent with the purposes set out in Miss. Code Ann. Section 75-71-101, *et seq.* (2010).

X. RIGHT TO AMEND

The Secretary of State hereby reserves the right to amend this Cease and Desist Order for activities in violation of the Act.

ISSUED, this the 23rd day of February, 2017.

C. DELBERT HOSEMANN, JR.
Secretary of State

BY: _____
JEFFREY L. LEE
Senior Attorney
Securities Division

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CERTIFICATE OF SERVICE

I, Jeffrey L. Lee, do hereby certify that I have this day, mailed a true and correct copy, via certified mail, return receipt requested, of the Cease and Desist Order to the following:

Andrew Gamber
742 County Road 464
Jonesboro, Arkansas 72404

SoBell Corp.
1000 Highland Colony Parkway, Suite 5203
Ridgeland, MS 39157

BAIC, Inc.
c/o CSC
211 E. 7th Street, Suite 620
Austin, Texas 78701

Voyager Financial Group, LLC
c/o The Company Corporation
2711 Centerville Road, Suite 400
Wilmington, Delaware 19808

This the 23rd day of February 2017.

JEFFREY L. LEE
Senior Attorney
Securities Division
Mississippi Secretary of State's Office

Jeffrey L. Lee, MSB# 103180
Mississippi Secretary of State's Office
Post Office Box 136
Jackson, Mississippi 39205
(601) 359-6366
(601) 359-9050

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COMPOSITE EXHIBIT "A"

Order of Documents in Composite Exhibit A:

A1, Contracts for Sale of Payments of SoBell, VFG, and BAIC

A2, Purchase Applications of SoBell, VFG, and BAIC

A3, Security Agreements of SoBell, VFG, and BAIC

A4, Purchase Assistance Agreements of SoBell, VFG, and BAIC

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CONTRACT FOR SALE OF PAYMENTS

This Contract for Sale of Payments ("Contract for Sale") is made effective on the date of signing, by and between [redacted] ("Seller") and [redacted] ("Buyer").

RECITALS

WHEREAS, Seller desires to sell certain fixed payments arising from a certain structured asset once they have been distributed to and received into an account of Seller (the "Payments") as described in this Contract for Sale; and,

WHEREAS, Buyer desires to purchase the Payments in accordance with the terms and conditions contained herein.

NOW THEREFORE, in consideration of the mutual covenants and benefits herein contained, the receipt and sufficiency is hereby acknowledged, Seller and Buyer agree as follows:

1. Seller agrees to sell and Buyer agrees to purchase the Payments in accordance with, and subject to the terms and conditions of, this Contract for Sale.

2. In connection with this Contract for Sale, Seller executed a certain Sales Assistance Agreement and Security Agreement. Said agreements are incorporated herein by reference and made a part hereof, and all defined terms contained in said Sales Assistance Agreement and Security Agreement shall have the same meaning when used herein, unless otherwise defined. Buyer also executed a Purchase Application, Purchase Assistance Agreement and a Disclosure of Risks Statement, which are also incorporated herein by reference and made a part hereof. All defined terms contained in said Purchase Application, Purchase Assistance Agreement and Disclosure of Risks Statement shall have the same meaning when used herein, unless otherwise defined.

3. The Payments that are the subject of this Contract for Sale stem from the following income source (the "Payment Source"), and are more particularly described as follows:

Source of Payments: DRAS Pension
Name of Payee/Annuitant: [redacted]
Sales Assistance Agreement: ON FILE
Annuity Contract/Benefit Letter: ON FILE
Annuity Issuer/Pension Obligor: [redacted]
Life Insurer (if applicable): n/a
Life Insurance Policy (if applicable): n/a
Purchase Assistance Agreement: ON FILE
Description of Payments: 60 Monthly Payments of $695.00; Start Date: 12/15/2015; End Date: 11/15/2020

4. Payment Servicing. The servicer of the Payments shall be the Upstate Law Group, LLC, located in Easley, South Carolina (the "Escrow Company") in accordance with the following:

4.1. Seller agrees to direct that the Payments be received and serviced by the Escrow Company in an account indicated in his/her name from which the Buyer shall be paid in connection with the closing of the sale of the Payments (the "Closing") and any additional amounts received over and above the Payments sent to Seller per his/her instructions; provided, however, that the Payment

Seller [redacted] Buyer _____ Co-Buyer _____

SBC NQ CSP 3/2015

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Source shall remain at all times the sole property of Seller and shall remain under the sole control of Seller.

4.2. By executing this Contract for Sale, Seller and Buyer acknowledge receipt of the respective escrow agreements to be executed by each and confirm their agreement to the terms of same, relative to the servicing of the Payments.

5. Consideration. For the consideration described in the Sales Assistance Agreement, Seller shall transfer and sell to Buyer at Closing one hundred percent (100%) of Seller's right, title, and interest in and to the Payments as described above after said payment is received from the Payment Source; provided however, that the Payment Source and underlying asset shall remain the sole property of Seller and shall remain under the control of Seller per Federal and/or State law.

6. Representations. Seller represents and warrants that, to the best of Seller's knowledge, all statements and information contained within the Sales Assistance Agreement concerning the Payments and the Payment Source were true as of the date of the Sales Assistance Agreement and have continuously remained true and correct in all respects through the date of this Contract for Sale, and further shall remain true and correct through the Closing.

7. Life Insurance or a third party contracts. Because the Payments are life contingent, prior to Closing and continuing through the terms of this Contract for Sale, Seller shall acquire and maintain a valid life insurance policy in an amount not less than the total amount of the Buyer's Purchase Price (as described in the Purchase Application) to this Contract for Sale or may be required by Buyer to purchase some other third party contract to protect Buyer's interest in this Agreement. If life insurance is to be provided, Seller shall execute a valid Collateral Assignment of said life insurance policy to the benefit of Buyer for the period of this Contract for Sale and shall undertake no efforts to interfere with the policy remaining in full force and effect for the benefit of Buyer during the period of this Contract for Sale. Furthermore, Seller shall undertake and respond to all efforts for cooperation with the Buyer and the Buyer's agents regarding the assignment and servicing of said policy, including, but not limited to, executing any documents or releases that the life insurance company may require to successfully assign said policy to Buyer and promptly forwarding any notices about the underlying insurance, including payment issues, modifications, or cancellation.

8. Escrow. Beginning at Closing, Seller shall receive the Payments at the designated escrow account at Upstate Law Group, LLC which will be created per Seller's instructions, though the Payment Source and underlying asset shall remain the sole property of Seller and shall remain under the control of Seller. Prior to the closing of this transaction, Seller shall provide proof to Buyer of the designation of the Escrow Agent to receive payments from the Payment Source and shall continue to have the Payments serviced through said escrow account for the duration of the Contract.

9. Power of Attorney. Seller shall grant a Limited Durable Power of Attorney in connection with Seller's escrow agreement enabling the management of the escrow account and any Payments therein received in accordance with this agreement for the period of time covered by this agreement, according to Seller's obligation in this Contract for Sale.

10. **ACKNOWLEDGMENT OF RISK. SELLER AND BUYER EXPRESSLY ACKNOWLEDGE AND AGREE TO THE FOLLOWING:**

10.1. SELLER INTENDS TO ACTUALLY RECEIVE DISBURSEMENT OF EVERY PAYMENT DESCRIBED UNDER THIS CONTRACT FOR SALE, SELLER SHALL RETAIN AT ALL TIMES COMPLETE CONTROL OVER THE PAYMENTS AND THE

Sell[redacted] Buyer_____ Co-Buyer_____

UNDERLYING ASSET DESCRIBED HEREIN, AND SELLER INTENDS TO SELL EVERY PAYMENT DESCRIBED HEREIN TO BUYER AFTER ACTUAL RECEIPT OF DISBURSEMENT PER THIS CONTRACT.

10.2. BOTH PARTIES INTEND THAT THE TRANSACTION(S) CONTEMPLATED BY THIS CONTRACT FOR SALE SHALL CONSTITUTE VALID SALE(S) OF PAYMENTS AND SHALL NOT CONSTITUTE IMPERMISSIBLE ASSIGNMENT(S), TRANSFER(S), OR ALIENATION OF BENEFITS BY SELLERS AS CONTEMPLATED BY APPLICABLE LAWS; HOWEVER, CERTAIN RISKS PERSIST.

10.3. BY EXECUTING THIS CONTRACT FOR SALE, BUYER AND SELLER ACKNOWLEDGE AND AGREE THAT BUYER AND SELLER ARE AWARE OF AND EXPRESSLY AND SOLELY ACCEPT ALL RISKS ASSOCIATED WITH THE TRANSACTION(S) CONTEMPLATED HEREIN, INCLUDING, BUT NOT LIMITED TO, THOSE APPEARING IN THE BUYER'S DISCLOSURE OF RISKS AND SELLER'S COST DISCLOSURES.

10.4. BUYER AND SELLER ACKNOWLEDGE AND AGREE THAT SOBELL CORP, THEIR DISTRIBUTORS, AGENTS, ATTORNEYS AND OTHER ENGAGED PROFESSIONALS AND ASSIGNS MAKE NO REPRESENTATIONS OR WARRANTIES WHATSOEVER CONCERNING WHETHER A COURT OF LAW WOULD INTERPRET THE TRANSACTION(S) CONTEMPLATED HEREIN AS INVALID ASSIGNMENT(S), TRANSFER(S) OR ALIENATION OF BENEFITS, OR OTHERWISE DEEM THE TRANSACTION INVALID.

11. INDEMNIFICATION. SHOULD THE SELLER, IN ANY WAY, CAUSE OR PERMIT WITHOUT CORRECTION THIS CONTRACT FOR SALE TO BE IN BREACH OR DEFAULT, SELLER CONSENTS AND AGREES TO INDEMNIFY AND HOLD HARMLESS THE BUYER FOR ALL EXPENSES THE BUYER OR ITS AGENTS AND ATTORNEY MAY REASONABLY INCUR TO ENFORCE THIS CONTRACT FOR SALE, INCLUDING BUT NOT LIMITED TO LEGAL EXPENSES AND TRANSACTIONAL FEES. AS CONSIDERATION FOR THE VALUABLE SERVICES PROVIDED BY THE TRANSACTION TEAM, BOTH BUYER AND SELLER HEREBY AGREE TO RELEASE AND HOLD HARMLESS THE TRANSACTION ASSISTANCE TEAM, AS THAT TERM IS DEFINED IN THE PURCHASE ASSISTANCE AGREEMENT AND SALES ASSISTANCE AGREEMENT, AND ITS ATTORNEYS FOR ANY AND ALL CAUSES OF ACTION, KNOWN OR UNKNOWN, ARISING OUT OF THE TRANSACTION(S), INCLUDING BUT NOT LIMITED TO THE DUTIES CONTEMPLATED BY THIS CONTRACT FOR SALE OF PAYMENTS.

12. LIQUIDATED DAMAGES. IT IS ACKNOWLEDGED THAT THE BUYER IS RELYING UPON SELLER'S INHERENT DUTY OF GOOD FAITH AND FAIR DEALING IN THE MAKING AND EXECUTION OF THIS CONTRACT. SELLER ALSO RECOGNIZES THAT FAILURE ON SELLER'S PART TO ABIDE BY THIS CONTRACT WILL CAUSE THE BUYER TO INCUR SUBSTANTIAL AND CONSEQUENTIAL AND ECONOMIC DAMAGES AND LOSSES OF TYPES AND IN AMOUNTS WHICH MAY BE IMPOSSIBLE TO COMPUTE AND ASCERTAIN WITH CERTAINTY AS A BASIS FOR RECOVERY BY THE OWNER OF ACTUAL DAMAGES. ACCORDINGLY, LIQUIDATED DAMAGES REPRESENT A FAIR, REASONABLE AND APPROPRIATE REMEDY FOR SAID DAMAGES. SELLER AGREES THAT LIQUIDATED DAMAGES MAY BE ASSESSED AND RECOVERED BY THE BUYER AGAINST THE SELLER WITHOUT THE BUYER BEING REQUIRED TO PRESENT ANY EVIDENCE OF THE AMOUNT OR CHARACTER OF ACTUAL DAMAGES SUSTAINED BY

Sell[redacted] Buyer _____ Co-Buyer _____

REASON THEREOF. ACCORDINGLY, SELLER SHALL BE LIABLE TO THE BUYER FOR PAYMENT OF LIQUIDATED DAMAGES IN THE AMOUNT DOUBLE THE INCOME STREAM PAYMENT FOR EACH INCOME STREAM PAYMENT THAT SELLER MISDIRECTS OR PREVENTS BUYER FROM RECEIVING. SUCH LIQUIDATED DAMAGES ARE INTENDED TO REPRESENT ESTIMATED ACTUAL DAMAGES AND ARE NOT INTENDED AS A PENALTY.

13. REMEDIES. BY SIGNING BELOW, BOTH PARTIES CONSENT AND AGREE THAT THE APPROPRIATE REMEDY FOR ANY BREACH OF THIS CONTRACT FOR SALE IS AND SHALL BE SPECIFIC PERFORMANCE, IN ADDITION TO ANY OTHER AVAILABLE LEGAL OR EQUITABLE REMEDIES AND THAT SUCH REMEDIES SHALL BE GRANTED BY ANY COURT OF LAW IN THE FORUM STATE. SUCH A REMEDY SHALL BE GRANTED THAT PLACES BOTH PARTIES IN THE EXACT POSITION THE PARTIES INTENDED TO BE IN BY MAKING THIS BARGAIN.

14. HOLDING ACCOUNT. SELLER AGREES THAT DURING ANY PERIOD OF DISPUTE BETWEEN THE PARTIES TO THIS AGREEMENT OVER ANY TERMS IN THIS CONTRACT, THAT A HOLDING ACCOUNT SHALL BE ESTABLISHED BY THE ESCROW COMPANY WHEREBY THE ASSET IN DISPUTE SHALL BE DEPOSITED AND KEPT UNTIL SUCH TIME AS THE DISPUTE IS RESOLVED.

15. Waiver. The parties agree that the failure of any party to enforce or exercise any right, condition, term, or provision of this agreement shall not be construed as or deemed a relinquishment or waiver thereof, and the same shall continue in full force and effect.

16. Separate Parts. This agreement shall be permitted to be executed in several parts and a facsimile of this agreement shall be considered as valid as the original.

17. Governing Law. This Contract for Sale of Payments and all other parts of this transaction shall be construed according to the laws of the State of South Carolina, without regard to choice of law principles.

18. Venue. The parties agree that venue for any proceeding relating to this agreement shall be in the Court of Common Pleas in Greenville County, South Carolina.

19. Class Action Waiver. Any litigation based upon this agreement shall proceed solely on an individual basis without the right for any claims to be litigated on a class action basis or any other on bases involving claims brought in a purported representative capacity on behalf of others. Buyer and Seller each agree that his/her claims, if any, may not be joined or consolidated unless agreed to in writing by all parties. Furthermore, no verdict will have any preclusive effect as to issues or claims in any dispute with anyone who is not a named party to this contract.

20. Indemnification and Release. THE PARTIES TO THIS CONTRACT FOR SALE OF PAYMENTS AGREE, AS ADDITIONAL CONSIDERATION FOR THE SERVICES PERFORMED BY SOBELL CORP, THEIR AGENTS, ATTORNEYS AND ASSIGNS AND/OR THE BUYER'S AGENT'S DISTRIBUTORS, THEIR ATTORNEYS AND ASSIGNS, TO HOLD SOBELL CORP, THEIR AGENTS, ATTORNEYS AND ASSIGNS AND/OR THE BUYER'S AGENT'S DISTRIBUTORS, THEIR ATTORNEYS AND ASSIGNS INCLUDING, BUT NOT LIMITED TO THEIR OFFICERS, DIRECTORS AND ASSIGNS HARMLESS FOR ANY AND ALL CAUSES OF ACTION, WHETHER KNOWN OR UNKNOWN, ARISING OUT OF THE TRANSACTION(S) CONTEMPLATED BY THIS CONTRACT.

Seller [redacted] Buyer____ Co-Buyer____

[redacted]

[redacted]
Printed Name of Seller

23 October 2015
Date

BUYER:

Signature

[redacted]
Printed Name of Buyer

Date

NOTARY PUBLIC ACKNOWLEDGMENT

SELLER:

STATE OF Michigan
COUNTY OF Marquette
On October 23, 2015 before me, Sue Gauthier, Notary Public for Michigan (State), personally appeared [redacted] (Seller) personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument, the person or the entity on behalf of which the person acted, executed the instrument.
SWORN to before me this 23 day of October, 2015

Sue Gauthier
Notary Signature
Notary Public for Marquette, MI
My Commission Expires 9-25-2019

SEAL:

SUE GAUTHIER
NOTARY PUBLIC - STATE OF MICHIGAN
COUNTY OF MARQUETTE
My Commission Expires September 25, 2019
Acting in the County of Marquette

CO-BUYER:

Signature

[redacted]
Printed Name of Co-Buyer

Date

[redacted] Buyer ____ Co-Buyer ____

SBC NQ CSP 3/2015

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VFG

CONTRACT FOR SALE OF PAYMENTS

This Contract for Sale of Payments ("Contract for Sale") is made effective this 9th day of November, 20__ (the "Effective Date"), by and between [redacted] ("Seller") and [redacted] ("Buyer").

RECITALS

WHEREAS, Seller desires to sell certain fixed payments arising from a certain structured asset that have been distributed to and received by Seller (the "Payments") as described in this Contract for Sale; and

WHEREAS, Buyer desires to purchase the Payments in accordance with the terms and conditions contained herein.

NOW THEREFORE, in consideration of the mutual covenants and benefits herein contained, the receipt and sufficiency is hereby acknowledged, Seller and Buyer agree as follows:

1. Seller agrees to sell and Buyer agrees to purchase the Payments in accordance with, and subject to the terms and conditions of, this Contract for Sale.

2. In connection with this Contract for Sale, Seller executed that certain Sales Assistance Agreement, made effective _____, 20__. Said Sales Assistance Agreement is incorporated herein by reference and made a part hereof, and all defined terms contained in said Sales Assistance Agreement shall have the same meaning when used herein, unless otherwise defined.

3. The Payments that are the subject of this Contract for Sale, along with the underlying asset (the "Asset"), are more particularly described as follows:

- Asset: DFAS
- Life Contingent: X Yes ___ No
- Transaction Documents and Parties:
  - Name of Payee/Annuitant: [redacted]
  - Underlying Payee Purchase Agreement: ON FILE
  - Annuity Contract/Benefit Letter: ON FILE
  - Annuity Issuer: DFAS
  - Life Insurer: Fidelity
  - Life Insurance Policy: [redacted]
- Description of Payments: 72 monthly payments of $800.00 Start: 10/10/11 End: 09/10/17

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4. The servicer of the Payments for Seller and Buyer shall be Security Title Agency (the "Escrow Company") in accordance with the following:

- The Payments will be serviced for the Seller by the Escrow Company in connection with the closing of the sale of the Payments (the "Closing"); provided, however, that the Asset shall remain the sole property of Seller and shall remain under the control of Seller.
- The Payments will be serviced for the Buyer by the Escrow Company in accordance with an escrow agreement to be duly executed by and between Buyer and the Escrow Company in connection with the Closing.
- By executing this Contract for sale, Seller and Buyer acknowledge receipt of the respective escrow agreements to be executed by each and confirm their agreement to the terms of same, relative to the servicing of the Payments.

- Other Miscellaneous Terms: _____

5. For the consideration described in the Sales Assistance Agreement, Seller shall transfer and sell to Buyer at Closing one hundred percent (100%) of Seller's right, title, and interest in and to the Payments; provided, however, that the Asset shall remain the sole property of Seller and shall remain under the control of Seller.

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6. Seller represents and warrants that, to the best of Seller's knowledge, all statements and information contained within the Sales Assistance Agreement concerning the Payments and the Asset were true as of the date of the Sales Assistance Agreement and have continuously remained true and correct in all respects through the date of this Contract for Sale, and further shall remain true and correct through the Closing.

7. Prior to Closing and continuing through the terms of this Contract for Sale, Seller shall acquire and maintain a valid life insurance policy with a payable on death provision in favor of Buyer in an amount not less than the total amount of the Payments sold pursuant to this Contract for Sale.

8. Beginning at Closing, Seller shall receive the Payments at a designated escrow account created in Seller's name and in effective control of Seller.

9. Seller shall grant the Escrow Company a Special Durable Power of Attorney in connection with Seller's escrow agreement enabling the Escrow Company to manage the escrow account and any Payments therein received, according to Seller's obligation in this Contract for Sale.

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10. **ACKNOWLEDGMENT OF RISK.** **SELLER AND BUYER EXPRESSLY ACKNOWLEDGE AND AGREE TO THE FOLLOWING:**

10.1 SELLER INTENDS TO ACTUALLY RECEIVE DISBURSEMENT OF EVERY PAYMENT DESCRIBED UNDER THIS CONTRACT FOR SALE, SELLER SHALL RETAIN AT ALL TIMES COMPLETE CONTROL OVER THE PAYMENTS AND THE UNDERLYING ASSET DESCRIBED HEREIN, AND SELLER INTENDS TO ASSIGN EVERY PAYMENT DESCRIBED HEREIN TO BUYER AFTER ACTUAL RECEIPT OF DISBURSEMENT.

VEG

10.2. BOTH PARTIES INTEND THAT THE TRANSACTION(S) CONTEMPLATED BY THIS CONTRACT FOR SALE SHALL CONSTITUTE VALID SALE(S) OF PAYMENTS AND SHALL NOT CONSTITUTE IMPERMISSIBLE ASSIGNMENT(S), TRANSFER(S), OR ALIENATION OF BENEFITS BY SELLERS AS CONTEMPLATED BY APPLICABLE LAWS; HOWEVER, CERTAIN RISKS EXIST.

10.3. BY EXECUTING THIS CONTRACT FOR SALE, BUYER AND SELLER ACKNOWLEDGE AND AGREE THAT BUYER AND SELLER ARE AWARE OF AND EXPRESSLY ACCEPT ALL RISKS ASSOCIATED WITH THE TRANSACTION(S) CONTEMPLATED HEREIN.

10.4. BUYER AND SELLER ACKNOWLEDGE AND AGREE THAT VEG MAKES NO REPRESENTATIONS OR WARRANTIES WHATSOEVER CONCERNING WHETHER A COURT OF LAW WOULD INTERPRET THE TRANSACTION(S) CONTEMPLATED HEREIN AS INVALID ASSIGNMENT(S), TRANSFER(S) OR ALIENATION OF BENEFITS, OR OTHERWISE DEEM THE TRANSACTION INVALID.

(Signatures Contained on Following Pages)

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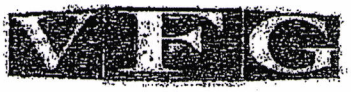

IN WITNESS WHEREOF, the parties have executed this Contract for Sale as of the Effective Date.

SELLER:	BUYER: *If an Individual:*
Signature	Print Name(s)
Print Name	Signature(s) of Buyer
Date:	Signature of Co-Buyer (if applicable)
	If an Entity: [redacted] Name of Entity
	By: [redacted]
	Name: [redacted]
	Title: [redacted]
	Date: 10/27/11

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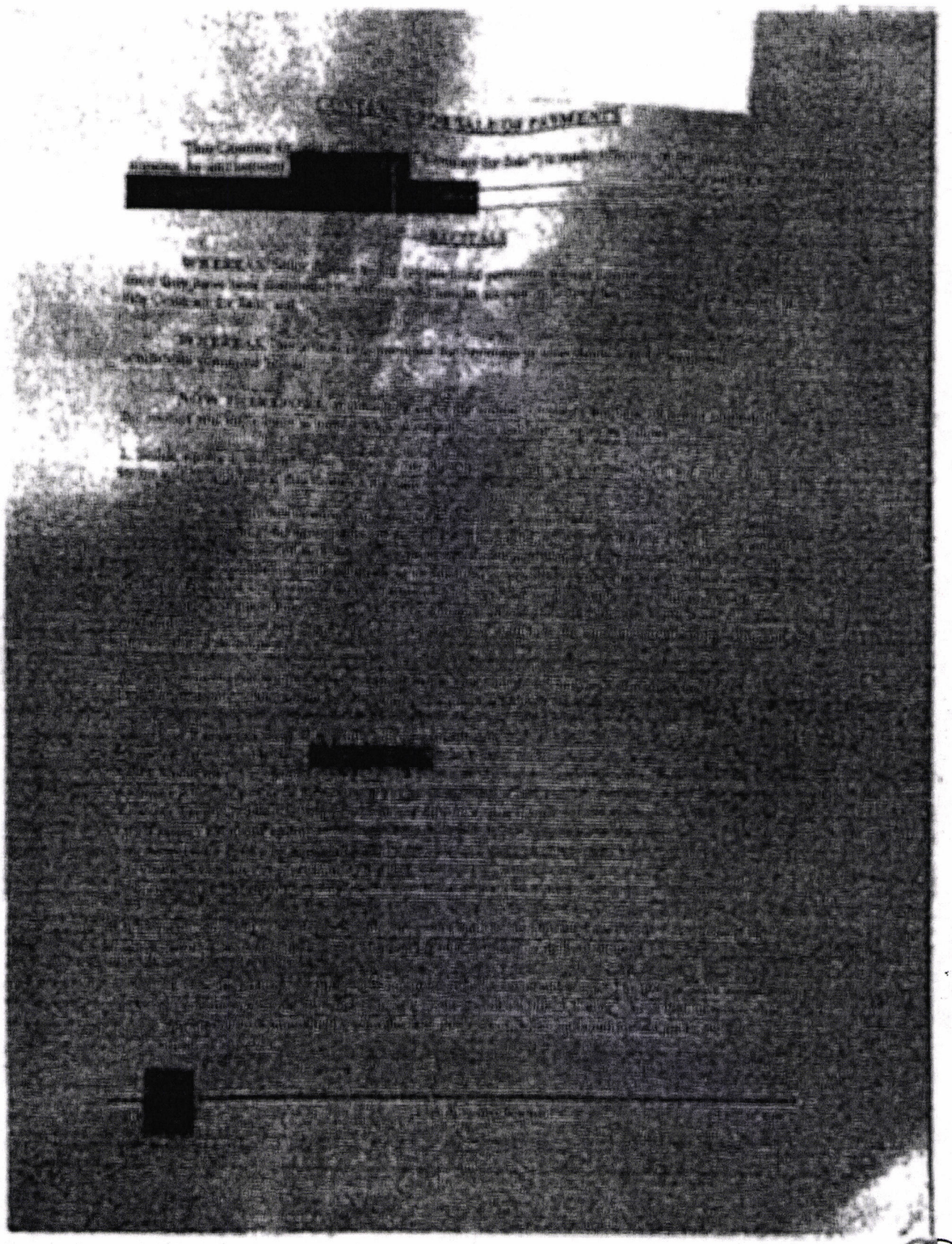

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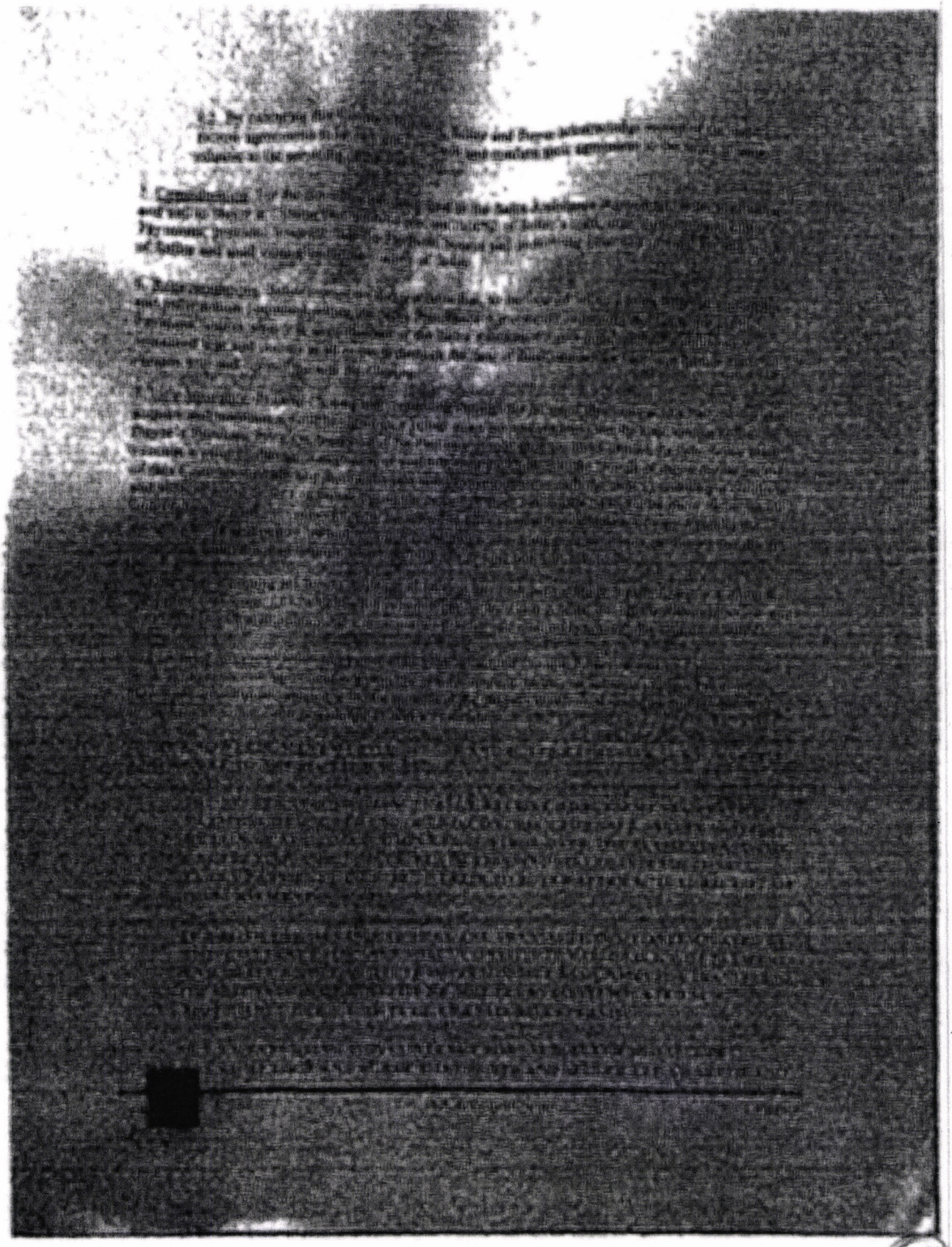

Initialed by Commissioner

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EXPRESSLY ACCEPT ALL RISKS ASSOCIATED WITH THE TRANSACTION(S) CONTEMPLATED HEREIN, INCLUDING, BUT NOT LIMITED TO, THOSE APPEARING IN THE DISCLOSURE OF RISKS.

10.4. BUYER AND SELLER ACKNOWLEDGE AND AGREE THAT THE TRANSACTION ASSISTANCE TEAM, AS THAT TERM IS USED AND DEFINED IN THE PURCHASE ASSISTANCE AGREEMENT, ITS AGENTS, ATTORNEYS AND ASSIGNS MAKE NO REPRESENTATIONS OR WARRANTIES WHATSOEVER CONCERNING WHETHER A COURT OF LAW WOULD INTERPRET THE TRANSACTION(S) CONTEMPLATED HEREIN AS INVALID ASSIGNMENT(S), TRANSFER(S) OR ALIENATION OF BENEFITS, OR OTHERWISE DEEM THE TRANSACTION INVALID.

11. INDEMNIFICATION. SHOULD THE SELLER, IN ANY WAY, CAUSE THIS CONTRACT FOR SALE TO BE IN BREACH OR DEFAULT, SELLER CONSENTS AND AGREES TO INDEMNIFY AND HOLD HARMLESS THE BUYER FOR ALL EXPENSES THE BUYER OR ITS AGENTS AND ATTORNEY MAY REASONABLY INCUR TO ENFORCE THIS CONTRACT FOR SALE, INCLUDING BUT NOT LIMITED TO LEGAL EXPENSES AND TRANSACTIONAL FEES. AS CONSIDERATION FOR THE VALUABLE SERVICES PROVIDED BY THE TRANSACTION TEAM, BUYER AND SELLER HEREBY AGREE TO RELEASE AND HOLD HARMLESS THE TRANSACTION ASSISTANCE TEAM, AS THAT TERM IS DEFINED IN THE PURCHASE ASSISTANCE AGREEMENT AND SALES ASSISTANCE AGREEMENT, AND ITS ATTORNEYS FOR ANY AND ALL CAUSES OF ACTION, KNOWN OR UNKNOWN, ARISING OUT OF THE TRANSACTION(S) CONTEMPLATED BY THIS CONTRACT FOR SALE OF PAYMENTS.

12. LIQUIDATED DAMAGES. IT IS ACKNOWLEDGED THAT THE BUYER IS RELYING UPON SELLER'S INHERENT DUTY OF GOOD FAITH AND FAIR DEALING IN THE MAKING AND EXECUTION OF THIS CONTRACT. SELLER ALSO RECOGNIZES THAT FAILURE ON SELLER'S PART TO ABIDE BY THIS CONTRACT WILL CAUSE THE BUYER TO INCUR SUBSTANTIAL AND CONSEQUENTIAL AND ECONOMIC DAMAGES AND LOSSES OF TYPES AND IN AMOUNTS WHICH MAY BE IMPOSSIBLE TO COMPUTE AND ASCERTAIN WITH CERTAINTY AS A BASIS FOR RECOVERY BY THE OWNER OF ACTUAL DAMAGES. ACCORDINGLY, LIQUIDATED DAMAGES REPRESENT A FAIR, REASONABLE AND APPROPRIATE REMEDY FOR SAID DAMAGES. SELLER AGREES THAT LIQUIDATED DAMAGES MAY BE ASSESSED AND RECOVERED BY THE BUYER AGAINST THE SELLER WITHOUT THE BUYER BEING REQUIRED TO PRESENT ANY EVIDENCE OF THE AMOUNT OR CHARACTER OF ACTUAL DAMAGES SUSTAINED BY REASON THEREOF. ACCORDINGLY, SELLER SHALL BE LIABLE TO THE BUYER FOR PAYMENT OF LIQUIDATED DAMAGES IN THE AMOUNT DOUBLE THE INCOME STREAM PAYMENT FOR EACH INCOME STREAM PAYMENT THAT SELLER MISDIRECTS OR PREVENTS BUYER FROM RECEIVING. SUCH LIQUIDATED DAMAGES ARE INTENDED TO REPRESENT ESTIMATED ACTUAL DAMAGES AND ARE NOT INTENDED AS A PENALTY.

13. REMEDIES. BY SIGNING BELOW, BOTH PARTIES CONSENT AND AGREE THAT THE APPROPRIATE REMEDY FOR ANY BREACH OF THIS CONTRACT FOR SALE IS AND SHALL BE SPECIFIC PERFORMANCE, IN ADDITION TO ANY OTHER AVAILABLE LEGAL OR EQUITABLE REMEDIES AND THAT SUCH REMEDIES SHALL BE GRANTED BY ANY COURT OF LAW IN THE FORUM STATE. SUCH A REMEDY SHALL BE GRANTED THAT PLACES BOTH PARTIES IN THE EXACT POSITION THE PARTIES

Seller [redacted] IRA Account Owner

[redacted]

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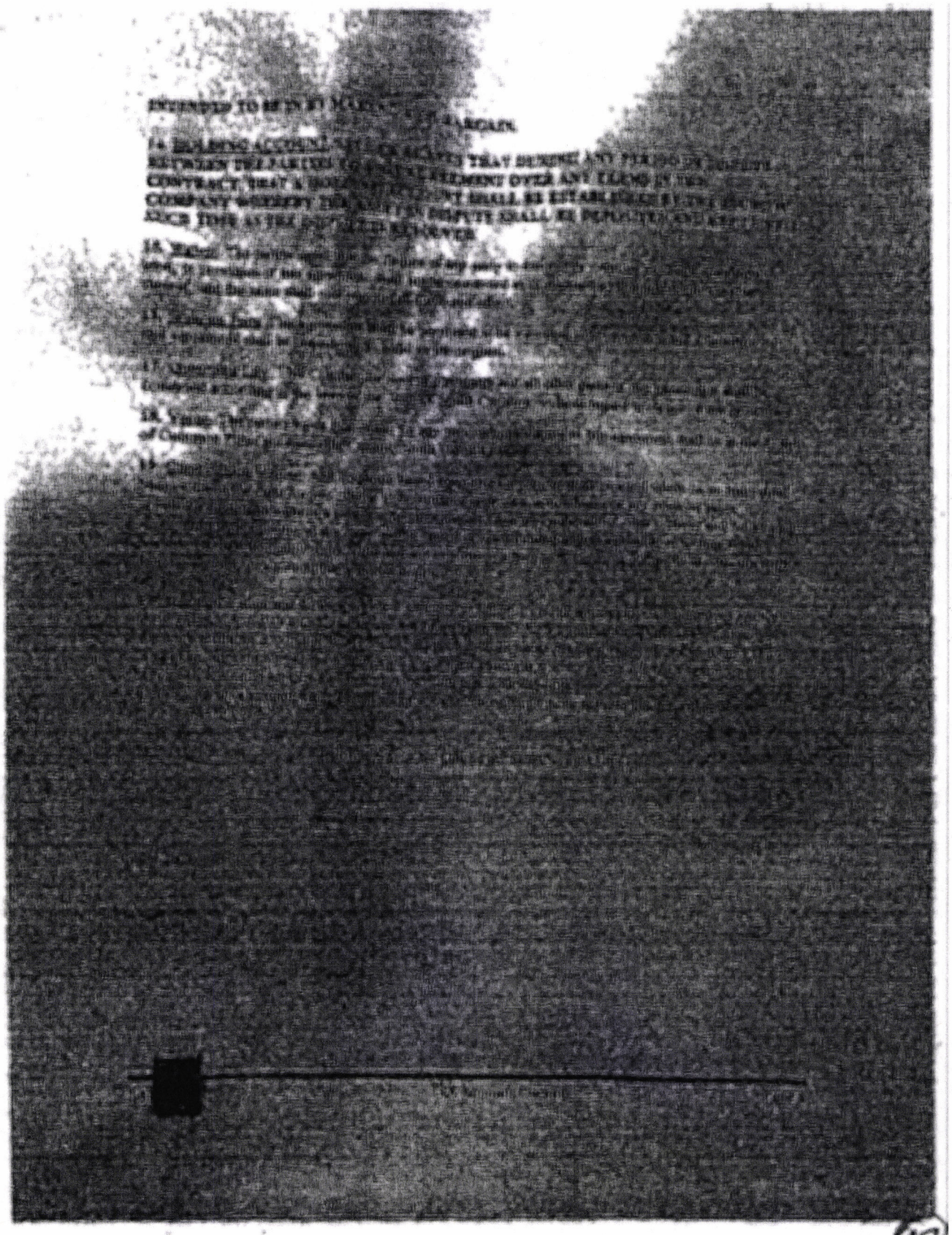

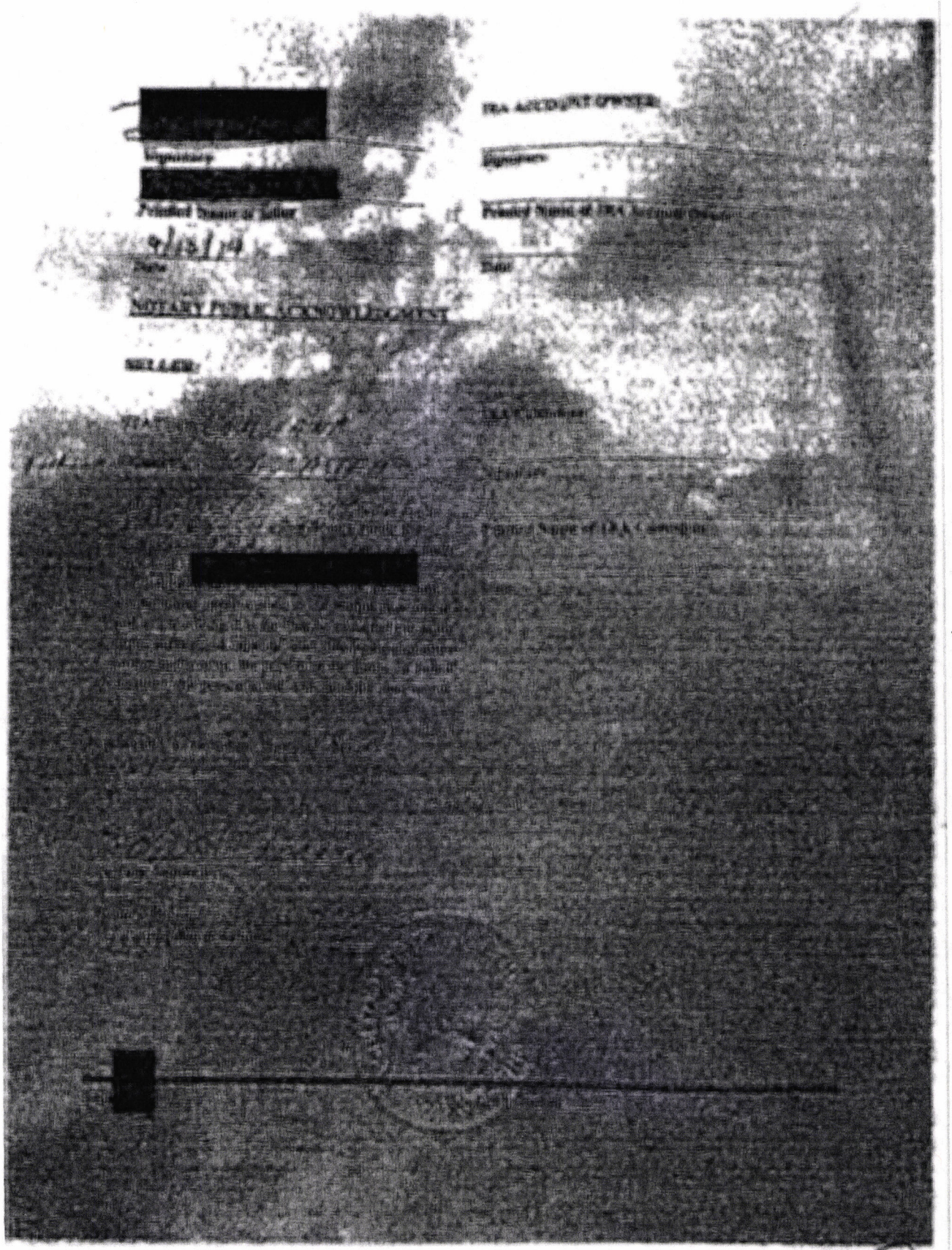
[redacted]
IRA ACCOUNT OWNER
Signature
[redacted]
Printed Name of Seller
Printed Name of IRA Account Owner
9/15/14
Date
Date
NOTARY PUBLIC ACKNOWLEDGMENT
STATE OF
[redacted]
Printed Name of IRA Custodian
[redacted]

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CONTRACT FOR SALE OF PAYMENTS

This Contract for Sale of Payments ("Contract for Sale") is made effective on the date of signing, by and between [redacted] ("Seller") and IRA Provident Trust Group FBO: [redacted] ("Buyer").

RECITALS

WHEREAS, Seller desires to sell certain fixed payments arising from a certain structured asset once they have been distributed to and received into an account of Seller (the "Payments") as described in this Contract for Sale; and,

WHEREAS, Buyer desires to purchase the Payments in accordance with the terms and conditions contained herein.

NOW THEREFORE, in consideration of the mutual covenants and benefits herein contained, the receipt and sufficiency is hereby acknowledged, Seller and Buyer agree as follows:

1. Seller agrees to sell and Buyer agrees to purchase the Payments in accordance with, and subject to the terms and conditions of, this Contract for Sale.

2. In connection with this Contract for Sale, Seller executed a certain Sales Assistance Agreement and Security Agreement. Said agreements are incorporated herein by reference and made a part hereof, and all defined terms contained in said Sales Assistance Agreement and Security Agreement shall have the same meaning when used herein, unless otherwise defined. Buyer also executed a Purchase Application, Purchase Assistance Agreement and a Disclosure of Risks Statement, which are also incorporated herein by reference and made a part hereof. All defined terms contained in said Purchase Application, Purchase Assistance Agreement and Disclosure of Risks Statement shall have the same meaning when used herein, unless otherwise defined.

3. The Payments that are the subject of this Contract for Sale stem from the following source (the "Payment Source"), and are more particularly described as follows:

Source of Payments: VA Disability Compensation
Name of Payee/Annuitant: [redacted]
Sales Assistance Agreement: ON FILE
Annuity Contract/Benefit Letter: ON FILE
Annuity Issuer/Pension Obligor: VA Disability Compensation
Life Insurer (if applicable): Prudential
Life Insurance Policy (if applicable): [redacted]
Purchase Assistance Agreement: ON FILE
Description of Payments: [redacted]

4. Payment Servicing. The servicer of the Payments shall be the Upstate Law Group, LLC, located in Easley, South Carolina (the "Escrow Company") in accordance with the following:

4.1. Seller shall direct that the Payments will be received and serviced by the Escrow Company in connection with the closing of the sale of the Payments (the "Closing"); provided, however, that the Payment Source shall remain the sole property of Seller and shall remain under the sole control of Seller.

4.2. By executing this Contract for Sale, Seller and Buyer acknowledge receipt of the respective escrow agreements to be executed by each and confirm their agreement to the terms of same, relative to the servicing of the Payments.

5. Consideration. For the consideration described in the Sales Assistance Agreement, Seller shall transfer and sell to Buyer, at Closing, one hundred percent (100%) of Seller's right, title, and interest in and to the Payments; provided however, that the Payment Source and underlying asset shall remain the sole property of Seller and shall remain under the control of Seller.

6. Representations. Seller represents and warrants that, to the best of Seller's knowledge, all statements and information contained within the Sales Assistance Agreement concerning the Payments and the Payment Source were true as of the date of the Sales Assistance Agreement and have continuously remained true and correct in all respects through the date of this Contract for Sale, and further shall remain true and correct through the Closing.

7. Life Insurance. Prior to Closing and continuing through the terms of this Contract for Sale, Seller shall acquire and maintain a valid life insurance policy in an amount not less than the total amount of the Buyer's Purchase Price (as described in the Purchase Application) to this Contract for Sale. Seller shall execute a valid Collateral Assignment of said life insurance policy to the benefit of Buyer for the period of this Contract for Sale and shall undertake no efforts to interfere with the policy remaining in full force and effect for the benefit of Buyer during the period of this Contract for Sale. Furthermore, Seller shall undertake all efforts to cooperate with the Buyer and the Transaction Assistance Team regarding the assignment of said policy, including, but not limited to, executing any documents or releases that the life insurance company may require to successfully assign said policy to Buyer.

8. Escrow. Beginning at Closing, Seller shall receive the Payments at the designated escrow account at Upstate Law Group, LLC which will be created per Seller's instructions, though the Payment Source and underlying asset shall remain the sole property of Seller and shall remain under the control of Seller.

9. Power of Attorney. Seller and Buyer shall grant a Limited Durable Power of Attorney in connection with Seller's escrow agreement enabling the management of the escrow account and any Payments therein received in accordance with this agreement for the period of time covered by this agreement, according to Seller's obligation in this Contract for Sale.

10. ACKNOWLEDGMENT OF RISK. SELLER AND BUYER EXPRESSLY ACKNOWLEDGE AND AGREE TO THE FOLLOWING:

10.1. SELLER INTENDS TO ACTUALLY RECEIVE DISBURSEMENT OF EVERY PAYMENT DESCRIBED UNDER THIS CONTRACT FOR SALE. SELLER SHALL RETAIN AT ALL TIMES COMPLETE CONTROL OVER THE PAYMENTS AND THE UNDERLYING ASSET DESCRIBED HEREIN, AND SELLER INTENDS TO SELL EVERY PAYMENT DESCRIBED HEREIN TO BUYER AFTER ACTUAL RECEIPT OF DISBURSEMENT.

10.2. BOTH PARTIES INTEND THAT THE TRANSACTION(S) CONTEMPLATED BY THIS CONTRACT FOR SALE SHALL CONSTITUTE VALID SALE(S) OF PAYMENTS AND SHALL NOT CONSTITUTE IMPERMISSIBLE ASSIGNMENT(S), TRANSFER(S), OR ALIENATION OF BENEFITS BY SELLERS AS CONTEMPLATED BY APPLICABLE LAWS; HOWEVER, CERTAIN RISKS PERSIST.

10.3. BY EXECUTING THIS CONTRACT FOR SALE, BUYER AND SELLER ACKNOWLEDGE AND AGREE THAT BUYER AND SELLER ARE AWARE OF AND

EXPRESSLY ACCEPT ALL RISKS ASSOCIATED WITH THE TRANSACTION(S) CONTEMPLATED HEREIN, INCLUDING, BUT NOT LIMITED TO, THOSE APPEARING IN THE DISCLOSURE OF RISKS.

10.A. BUYER AND SELLER ACKNOWLEDGE AND AGREE THAT THE TRANSACTION ASSISTANCE TEAM, AS THAT TERM IS USED AND DEFINED IN THE PURCHASE ASSISTANCE AGREEMENT, ITS AGENTS, ATTORNEYS AND ASSIGNS MAKE NO REPRESENTATIONS OR WARRANTIES WHATSOEVER CONCERNING WHETHER A COURT OF LAW WOULD INTERPRET THE TRANSACTION(S) CONTEMPLATED HEREIN AS INVALID ASSIGNMENT(S), TRANSFER(S) OR ALIENATION OF BENEFITS, OR OTHERWISE DEEM THE TRANSACTION INVALID.

11. INDEMNIFICATION. SHOULD THE SELLER, IN ANY WAY, CAUSE THIS CONTRACT FOR SALE TO BE IN BREACH OR DEFAULT, SELLER CONSENTS AND AGREES TO INDEMNIFY AND HOLD HARMLESS THE BUYER FOR ALL EXPENSES THE BUYER OR ITS AGENTS AND ATTORNEY MAY REASONABLY INCUR TO ENFORCE THIS CONTRACT FOR SALE, INCLUDING BUT NOT LIMITED TO LEGAL EXPENSES AND TRANSACTIONAL FEES. AS CONSIDERATION FOR THE VALUABLE SERVICES PROVIDED BY THE TRANSACTION TEAM, BUYER AND SELLER HEREBY AGREE TO RELEASE AND HOLD HARMLESS THE TRANSACTION ASSISTANCE TEAM, AS THAT TERM IS DEFINED IN THE PURCHASE ASSISTANCE AGREEMENT AND SALES ASSISTANCE AGREEMENT, AND ITS ATTORNEYS FOR ANY AND ALL CAUSES OF ACTION, KNOWN OR UNKNOWN, ARISING OUT OF THE TRANSACTION(S) CONTEMPLATED BY THIS CONTRACT FOR SALE OF PAYMENTS.

12. LIQUIDATED DAMAGES. IT IS ACKNOWLEDGED THAT THE BUYER IS RELYING UPON SELLER'S INHERENT DUTY OF GOOD FAITH AND FAIR DEALING IN THE MAKING AND EXECUTION OF THIS CONTRACT. SELLER ALSO RECOGNIZES THAT FAILURE ON SELLER'S PART TO ABIDE BY THIS CONTRACT WILL CAUSE THE BUYER TO INCUR SUBSTANTIAL AND CONSEQUENTIAL AND ECONOMIC DAMAGES AND LOSSES OF TYPES AND IN AMOUNTS WHICH MAY BE IMPOSSIBLE TO COMPUTE AND ASCERTAIN WITH CERTAINTY AS A BASIS FOR RECOVERY BY THE OWNER OF ACTUAL DAMAGES. ACCORDINGLY, LIQUIDATED DAMAGES REPRESENT A FAIR, REASONABLE AND APPROPRIATE REMEDY FOR SAID DAMAGES. SELLER AGREES THAT LIQUIDATED DAMAGES MAY BE ASSESSED AND RECOVERED BY THE BUYER AGAINST THE SELLER WITHOUT THE BUYER BEING REQUIRED TO PRESENT ANY EVIDENCE OF THE AMOUNT OR CHARACTER OF ACTUAL DAMAGES SUSTAINED BY REASON THEREOF. ACCORDINGLY, SELLER SHALL BE LIABLE TO THE BUYER FOR PAYMENT OF LIQUIDATED DAMAGES IN THE AMOUNT DOUBLE THE INCOME STREAM PAYMENT FOR EACH INCOME STREAM PAYMENT THAT SELLER MISDIRECTS OR PREVENTS BUYER FROM RECEIVING. SUCH LIQUIDATED DAMAGES ARE INTENDED TO REPRESENT ESTIMATED ACTUAL DAMAGES AND ARE NOT INTENDED AS A PENALTY.

13. REMEDIES. BY SIGNING BELOW, BOTH PARTIES CONSENT AND AGREE THAT THE APPROPRIATE REMEDY FOR ANY BREACH OF THIS CONTRACT FOR SALE IS AND SHALL BE SPECIFIC PERFORMANCE, IN ADDITION TO ANY OTHER AVAILABLE LEGAL OR EQUITABLE REMEDIES AND THAT SUCH REMEDIES SHALL BE GRANTED BY ANY COURT OF LAW IN THE FORUM STATE. SUCH A REMEDY SHALL BE GRANTED THAT PLACES BOTH PARTIES IN THE EXACT POSITION THE PARTIES

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INTENDED TO BE IN BY MAKING THIS BARGAIN.

14. HOLDING ACCOUNT. SELLER AGREES THAT DURING ANY PERIOD OF DISPUTE BETWEEN THE PARTIES TO THIS AGREEMENT OVER ANY TERMS IN THIS CONTRACT, THAT A HOLDING ACCOUNT SHALL BE ESTABLISHED BY THE ESCROW COMPANY WHEREBY THE ASSET IN DISPUTE SHALL BE DEPOSITED AND KEPT UNTIL SUCH TIME AS THE DISPUTE IS RESOLVED.

15. Waiver. The parties agree that the failure of any party to enforce or exercise any right, condition, term, or provision of this agreement shall not be construed as or deemed a relinquishment or waiver thereof, and the same shall continue in full force and effect.

16. Separate Parts. This agreement shall be permitted to be executed in several parts and a facsimile of this agreement shall be considered as valid as the original.

17. Governing Law. This Contract for Sale of Payments and all other parts of this transaction shall be construed according to the laws of the State of South Carolina, without regard to choice of law principles.

18. Venue. The parties agree that venue for any proceeding relating to this agreement shall be in the Court of Common Pleas in Greenville County, South Carolina.

19. Class Action Waiver. Any litigation based upon this agreement shall proceed solely on an individual basis without the right for any claims to be litigated on a class action basis or any other on bases involving claims brought in a purported representative capacity on behalf of others. Buyer and Seller each agree that his/her claims, if any, may not be joined or consolidated unless agreed to in writing by all parties. Furthermore, no verdict will have any preclusive effect as to issues or claims in any dispute with anyone who is not a named party to this contract.

20. Indemnification and Release. THE PARTIES TO THIS CONTRACT FOR SALE OF PAYMENTS AGREE, AS ADDITIONAL CONSIDERATION FOR THE SERVICES PERFORMED BY THE TRANSACTION ASSISTANCE TEAM, TO HOLD THE TRANSACTION ASSISTANCE TEAM AND ITS ATTORNEYS, AGENTS, OFFICERS, DIRECTORS AND ASSIGNS HARMLESS FOR ANY AND ALL CAUSES OF ACTION, WHETHER KNOWN OR UNKNOWN, ARISING OUT OF THE TRANSACTION(S) CONTEMPLATED BY THIS CONTRACT.

[SIGNATURES ON FOLLOWING PAGE]

SELLER:

Signature

[redacted]
Printed Name of Seller

Date

IRA ACCOUNT OWNER:

[redacted]
Signature

[redacted]
Printed Name of IRA Account Owner

9/10/2014
Date

NOTARY PUBLIC ACKNOWLEDGMENT

SELLER:

STATE OF Nevada

COUNTY OF Clark

On September 12, 2014 before me, [redacted] Notary Public for [redacted] (State), personally appeared [redacted] (Seller) personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument, the person or the entity on behalf of which the person acted, executed the instrument.

SWORN to before me this 12 day of September, 2014.

[redacted]
Notary Signature

Notary Public for State of Nevada
My Commission Expires 6/4/2016

[redacted]

IRA Custodian:

[redacted]
Signature

PROVIDENT Trust Group, LLC, FBO [redacted] IRA
Printed Name of IRA Custodian

9/12/14
Date

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PURCHASE APPLICATION

The "Payments" to be purchased pursuant to this Purchase Application are described as follows:

Provider/Obligor: DFAS Invoice Number: SBC3220

Payment Period: 60 monthly payments Purchase Price: $35,279.36

Start Date: 12/15/2015 Aggregate Value: $41,700.00

End Date: 11/15/2020 Effective Rate of Return: 7.000%

Payment Amount: $695.00 Distribution Channel: Financial Product Distributors, LLC.

BUYER'S INFORMATION

Social Security or EIN: [redacted]

Name: [redacted]

Mailing Address: [redacted]

Phone Numbers: [redacted]

Email Address: [redacted]

[redacted] By initialing here, I confirm that the address above is the Buyer's current mailing address.

PLEASE BE ADVISED: If the above referenced case is being held inside of a custodial IRA please make sure the custodial IRA is set up prior to submission to ensure proper titling. Here is an example of proper titling for purchases being held inside of a custodial IRA: (Name of Custodial IRA company) FBO (Clients Name).

You MUST complete the Buyers information using the custodial IRA titling.

A purchase of Payments is only suitable for persons who have adequate financial means and who will not need immediate liquidity from this asset. There is no public market for this asset, and we cannot assure you that one will develop, which means that it may be difficult for you to sell your asset.

Buyer acknowledges and agrees that SoBell Corp, its distributors, and other engaged professionals engaged by my agent/advisor are not providing, and do not provide, any legal, tax, financial, or other advice of any nature to Buyer regarding this transaction. Buyer is strongly recommended to consult his/her own professional advisor(s) regarding these matters.

Buyer acknowledges that certain administrative fees (the "Fees") shall be included in the Purchase Price in order to effect the required transfers. Buyers who have a registered IRA, Keogh, or Qualified Pension Plan may be eligible to purchase this asset through one of their qualified accounts. Neither SoBell Corp, its distributors, or other engaged professionals engaged by Buyer's agent/advisor nor their affiliates or agents make any representations or assume any responsibility or liability to the account custodian, participants, Buyer, or beneficiaries thereof as to the tax ramifications of any such purchase, the suitability or eligibility of such purchase under the respective qualified account or plan, or that such purchase comports with Internal Revenue Service or other governmental rules and regulations pertaining to such accounts there under. A separate Direction of Investment form or similar documentation from the IRA Custodian is required for purchase through these types of accounts.

LIFE CONTINGENCY

I understand that because the Payments may be life contingent, that I may require the Seller to acquire a life insurance policy and have it be collaterally assigned to me to secure the Payments. Conversely, I may wish to enter into a contract of my own choosing to address the failure of the payment stream.

I understand that there are different methods of addressing the risk pertaining to life contingent payments. Among those methods are: (1) requiring the Seller to purchase a life insurance policy and allowing my Escrow Agent to facilitate the payment of life insurance premiums for the Seller wherein they would hold the full amount of the premiums and ensure the payments are made or (2) I may wish to enter into a separate contract of my own choosing to address the failure of the payment stream or (3) I may simply bear the risk.

[redacted] By initialing here, I am requiring Seller to have a life insurance policy and for the payment of the premiums on the collaterally assigned life insurance policy to be facilitated by my escrow agent or I am choosing to enter into a separate contract of my own choosing to address the failure of the payment stream.

_____ By initialing here, I am knowingly declining these risk reduction methods, including having life insurance on the seller and the insurance premiums facilitated by the Escrow Agent or to purchase a separate contract of my own to address the failure of the income stream.

PLEASE INDICATE YOUR CHOICE ABOVE. If you choose this coverage, it will be included in the Purchase Price and Effective Rate of Return information provided on page 1 of this Purchase Application. Please ask your Agent/Advisor. Evidence of this will be provided to you subsequent to closing of the purchase of the Payments.

Buyer Signature: [redacted] Date: 12/27/15

Print Name: [redacted]

Co-Buyer Signature (if applicable): [redacted] Date: 12/27/15

Print Name: [redacted]

Agent Signature: [redacted]

Print Name: [redacted]

VFG

STRUCTURED CASH FLOW PURCHASE APPLICATION

Provider/Obligor: US Marine Pension-LC
Invoice Number: [redacted]
Payment Period: 72 Months
Purchase Price: $ 46,589.54
Start Date: October 10, 2011
Aggregate Value: $ 57,600.00
End Date: September 10, 2017
Effective Rate of Return: 7.5%
Payment Amount: $ 800.00
Distribution Channel: ICSI

PURCHASER'S INFORMATION

Social Security or EIN: [redacted]
Name*: [redacted]
Mailing Address: [redacted]
Phone Numbers: [redacted]
Email Address: [redacted]

☑ By checking here, I confirm that the address above is the Purchaser's mailing address

PLEASE BE ADVISED: If the above referenced case is being held inside of a custodial IRA, please make sure the custodial IRA ACCOUNT is set up prior to submission to ensure proper titling. Here is an example of proper titling for purchases being held inside of a custodial IRA: (Name of Custodial IRA company) FBO (Clients Name). You MUST complete the Buyers information using the custodial IRA's information.

A purchase of a Structured Cash Flow is only suitable for persons who have the adequate financial means and who will not need immediate liquidity from this asset. There is no public market for this asset, and we cannot assure you that one will develop, which means that it may be difficult for you to sell your asset.

Purchaser acknowledges that Voyager Financial Group ("VFG") is not providing, and does not provide, any legal, tax, financial, or other advice of any nature and recommends that Purchaser consults their own professional advisor(s).

Purchaser acknowledges that certain administrative fees (the "Fees") shall be included in the Purchase Price in order to effect the required transfers. Purchaser acknowledges that any Fees shall be reimbursed in their entirety to Purchaser in the event that the transfer does not take place within ninety (90) days.

Once Purchaser has signed and dated this Purchase Request and has received the Closing Documents, Purchaser is entitled to a three (3) day right of rescission, which allows Purchaser to cancel this Purchase Request and receive a full refund (if any funds have been paid), including any Fees. Notice must be given in writing and received at the VFG Corporate Headquarters within a three (3) day period. VFG will accept a fax or email attachment. After three (3) days, no refunds will be issued.

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[redacted]

Purchasers who have a registered IRA, Keogh, or Qualified Pension Plan may be eligible to purchase this asset through one of their qualified accounts. Neither VFG nor its Affiliates or Agents make any representations or assume any responsibility or liability to the account custodian, participants, Purchasers, or beneficiaries thereof as to the tax ramifications of said Purchase, the suitability or eligibility of such purchase under the respective qualified account or plan, or that such purchase comports with Internal Revenue Service or other governmental rules and regulations pertaining to such accounts thereunder. A separate Direction of Investment form or similar documentation from the IRA Custodian is required for purchase through these types of accounts.

Life Contingency

I understand that a structured cash flow contract, which may be life contingent, requires a life insurance policy on the Seller, to be collaterally assigned to the Purchaser to secure the benefits contract and ensure that all parties receive the contractual benefits. To that end, I understand that there are different methods of paying the life insurance premiums. Among those methods are: (1) allowing VFG to facilitate the payments of premiums using an escrow company of VFG's choice to hold the full amount of the premiums and ensure the payments are made, or by any other method that VFG sees fit to use, and (2) allowing the Seller to maintain the premiums.

Please carefully read the following and check the appropriate box below.

☑ By checking this box, I am requiring payment of the premiums on the collaterally assigned life insurance policy to be facilitated by VFG and serviced by the escrow company. I understand that the cost directly related to this service must be determined on a case by case basis and may reduce the rate at which this purchase takes place.

☐ By checking this box below, I am knowingly declining to have the insurance premiums facilitated by VFG through an Escrow Company and relying on the Seller to pay the life insurance premiums and keep the policy in effect. In the event the Seller allows the policy to lapse, the Purchaser will be solely responsible for the contractual obligations related to this breach.

Two-Year Contestability Wrapper

I understand that a structured cash flow contract, which may be life contingent, requires a life insurance policy on the Seller, to be collaterally assigned to the Purchaser to secure the benefits contract and ensure that all parties receive the contractual benefits. To that end, I understand that newly issued life insurance policies provide for a two (2) year contestability period in which the insurance company may deny a claim on the basis of the insured's intent to defraud the insurance company; these scenarios include, but are not limited to, suicide of the insured within the first two years of the policy's effective date. To remove this risk, VFG has made available for purchase, through Lloyd's of London, an insurance wrapper for this two-year contestability period.

☑ By checking this box, I am opting to purchase the two-year contestability wrapper for the current rate at the time of this purchase application. This price will be communicated to the Purchaser before the two-year wrapper is purchased so that the Purchaser may make an informed decision.

☐ By checking this box, I am knowingly declining the two-year contestability wrapper which exposes this purchase to the risk mentioned above.

[redacted]

Purchaser Signature: [redacted]

Print Name: [redacted]

Date: 10/25/11

Witness Signature: [redacted]

Print Name: [redacted]

Date: 10-25-11

Agent: TLSI

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PURCHASE APPLICATION

The "Payments" to be purchased pursuant to this Purchase Application are described as follows:

Provider/Obligor: VA Disability
Payment Period: 84 months
Start Date: 10/15/14
End Date: 9/15/21
Payment Amount: $704.43
Invoice Number: 3AIC2764
Purchase Price: $47,000.28
Aggregate Value: $59,172.12
Effective Rate of Return: 7.1%
Distribution Channel: SNI

BUYER'S INFORMATION

Social Security or EIN: [redacted]
*Name: [redacted]
Mailing Address: [redacted]
Phone Numbers: [redacted]
Email Address: [redacted]

By initialing here, I confirm that the address above is the Buyer's unicorn mailing address

PLEASE BE ADVISED: If the above referenced asset is being held inside of a custodial IRA please make sure the custodial IRA is set up prior to submission to ensure proper titling. Here is an example of proper titling for purchases being held inside of a custodial IRA: Name of Custodial IRA custodian, FBO (Client Name).

You MUST complete the Buyer's information before the custodial IRA titling.

A purchase of Payments is only suitable for persons who have adequate financial means and who will not need immediate liquidity from this asset. There is no public market for this asset, and we cannot assure you that one will develop, which means that it may be difficult for you to sell your asset.

Buyer acknowledges and agrees that Transaction Assistance Team is not providing, and does not provide, any legal, tax, financial, or other advice of any nature and recommends that Buyer consults his/her own professional advisor(s).

Buyer acknowledges that certain administrative fees (the "Fees") shall be included in the Purchase Price in order to effect the required transfers.

Buyers who have a registered IRA, Keogh, or Qualified Pension Plan may be eligible to purchase this asset through one of their qualified accounts. Neither Transaction Assistance Team nor its affiliates or agents make any representations or assume any responsibility or liability to the account custodian, participants, Buyers, or beneficiaries hereof as to the tax ramifications of any such purchase, the suitability or eligibility of such purchase under the respective qualified account or plan, or that such purchase complies with Internal Revenue Service or other governmental rules and regulations pertaining to such accounts thereunder. A separate Direction of Investment form or similar documentation from the IRA Custodian is required for purchases through these types of accounts.

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Life Contingency

I understand that the purchase of Payments, which may be life contingent, requires the Seller to acquire a life insurance policy on the Seller to be collaterally assigned to the Buyer to secure the Payments. To that end, I understand that there are different methods of paying the life insurance premiums. Among those methods are: (1) allowing Transaction Assistance Team to facilitate the payment of premiums using an escrow company of Transaction Assistance Team's choice to hold the full amount of the premiums and ensure the payments are made, or by any other method that Transaction Assistance Team sees fit to use including purchasing a Single Premium Immediate Annuity for the policy; and (2) allowing the Seller to maintain the premiums.

[redacted] By initialing this box I am requiring payment of the premiums on the collaterally assigned life insurance policy to be facilitated by Transaction Assistance Team. I understand that the cost directly related to this service must be determined on a case by case basis and may reduce the rate at which this purchase takes place.

☐ By initialing this box, I am knowingly declining to have the insurance premiums facilitated by Transaction Assistance Team, and am relying on the Seller to pay the life insurance premiums and keep the policy in effect. In the event the Seller allows the policy to lapse, I will be solely responsible for the contractual obligations related to this breach.

PLEASE INDICATE YOUR CHOICE TO REQUIRE PAYMENT OF THE PREMIUMS ON THE COLLATERALLY ASSIGNED LIFE INSURANCE POLICY TO BE FACILITATED BY THE TRANSACTION ASSISTANCE TEAM OR NOT BY INITIALING ONE OF THE TWO BOXES ABOVE. The cost of this coverage may already be included in the Purchase Price and Effective Rate of Return information provided on page 1 of this Purchase Application. Please ask your Agent. Evidence of this will be provided to you subsequent to closing of the purchase of the Payments.

Provident Trust Group

FBO [redacted]

IRA # [redacted]

ETN [redacted]

[redacted]

[redacted]

Authorized Signer for Provident Trust Group
(On Behalf of Custodian)

5/25/18
Date

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A3

(111)

SECURITY AGREEMENT

The undersigned [redacted] ("Seller/Debtor"), of [redacted] (Seller/Debtor's Address for notice), hereby agrees and grants to and in favor of the "Secured Party" [redacted] (Buyer) of [redacted] (Secured Party's Address for Notice), security interest as follows:

1. In consideration of the lump sum advances made by the Secured Party to Seller/Debtor, directly or indirectly, as principal, guarantor or otherwise, Seller/Debtor hereby grants and assigns to Secured Party a continuing security interest in, lien upon, and a right of set-off against, all of Seller/Debtor's right, title, and interest in and to the Collateral referred to in Paragraph 2 and defined in "Exhibit A" hereof, to secure the prompt payment, performance, and observance of all indebtedness, obligations, liabilities, and agreements of any kind of Seller/Debtor to the Secured Party, however evidenced, arising under or in connection with the Agreement executed by Seller/Debtor in the principal amount of $ 695.00 _____ monthly for a term in accordance with the Agreement which is incorporated herein by reference and attached as "Exhibit B," and the prompt performance and observance of all other obligations of Seller/Debtor to Secured Party. (All of the foregoing being herein referred to as the "Obligations").

2. The "Collateral" is defined as an account receivable, more fully described in "Exhibit A" hereto. By these premises Seller/Debtor agrees and consents to the pledge of the Collateral as security for the Agreement.

3. Seller/Debtor warrants, represents and covenants that:

   (a) the state, or commonwealth, where Seller/Debtor resides and the books and records relating to the Collateral is Michigan _____;

   (b) except for those in favor of Secured Party, the Collateral is now, and at all times, will be subject to the right of Seller/Debtor to receive free and clear of all liens, security interests, claims, and encumbrances except as otherwise authorized in this Security Document. Should Seller move out of said State during the term of the Contract for Sale of Payments, Seller agrees that s/he shall promptly notify the Escrow Company of the same and agrees that a UCC filing shall be authorized to be made in any subsequent state that Seller shall move to.

   (c) the Seller/Debtor will not assign, sell, lease, transfer, or otherwise dispose of or abandon, nor will Seller/Debtor suffer or permit any of the same to occur with respect to, the Collateral, and the inclusion of "proceeds" of the Collateral under the security interest granted herein shall not be deemed a consent by Secured Party to any sale or other disposition of any Collateral;

   (d) at any time and from time to time, Seller/Debtor at its sole cost and expense will execute and deliver to Secured Party such financing statements pursuant to the Uniform Commercial Code ("UCC") as enacted in the state, or commonwealth, of Michigan (Seller/Debtor's State), applications for certificate of title and other papers, documents, or instruments as may be reasonably requested by Secured Party in connection with this Security Agreement and to the extent permitted by applicable law, the Seller/Debtor hereby authorizes Secured Party to execute and file at any time and from time to time one or more financing statements, including a UCC-1, in any state that Seller may live;

Seller [redacted]

(12)

(e) Seller/Debtor assumes all responsibility and liability arising from the use, by Seller/Debtor, of the Collateral;

(f) after the occurrence and during the continuation of a Default, any proceeds of the Collateral received by the Seller/Debtor shall not be commingled with other property of the Seller/Debtor, but shall be segregated, held by the Seller/Debtor in trust for Secured Party, and immediately delivered to Secured Party in the form received, duly endorsed in blank where appropriate to effectuate the provisions hereof, the same to be held by Secured Party as additional Collateral hereunder or, at Secured Party's option, to be applied to payment of the obligations, whether or not due and in any order.

4. For purposes of this Security Agreement, "Default" shall be defined herein as, but not limited to:

(a) the failure of Seller/Debtor, whether willful or not, to comply with any covenant, affirmative or negative, securing the Agreement to Secured Party;

(b) interference with, interruption of, or diminishment of, or allowing or causing any third party to interfere with, interrupt, or diminish, the cash flow as designated in the Agreement to the Secured Party, unless specifically authorized by Secured Party in writing

(c) or any other default under any such other documents.

5. After the occurrence and during the continuation of any Default, Secured Party shall have the following rights and remedies (to the extent permitted by applicable law) in addition to all rights and remedies of a secured party under the UCC or otherwise (whether at law or in equity), all such rights and remedies being cumulative, not exclusive and enforceable alternatively, successively or concurrently:

(a) Secured Party may, with or without judicial process or the aid and assistance of others to the extent permitted by applicable law,

(i) require Seller/Debtor to assemble and make available to Secured Party at the expense of the Seller/Debtor, any part or all of the Collateral.

(ii) remove any part or all of the Collateral from any account or premises for the purpose of disposition thereof.

(b) Secured Party may at any time and from time to time during the continuance of a Default, appropriate, set off and apply to the payment of the Obligations, any Collateral in or coming into the possession of Secured Party without notice to Seller/Debtor and in such manner as Secured Party may in its discretion determine.

6. Seller/Debtor hereby designates and appoints Secured Party and each of its designees or agents as attorneys-in-fact of the Seller/Debtor, irrevocably and with power of substitution, with authority, after the occurrence and during the continuation of a Default, and upon reasonable notice to Seller/Debtor of the existence of such Default, to adjust and compromise any claims under insurance policies or otherwise. All acts done under the foregoing authorization (except those which constitute gross negligence or wilful misconduct by Secured Party) are hereby ratified and approved, and neither Secured Party, nor any designee or agent thereof, shall be liable for any

Seller [redacted]

acts of commission or omission, for any error of judgment or for any mistake of fact or law except for any of the foregoing arising solely from the gross negligence or willful misconduct of Secured Party. This power of attorney being coupled with an interest is irrevocable while any Obligations shall remain unpaid and shall terminate upon all Obligations being satisfied.

7. Seller/Debtor hereby releases Secured Party from any claims, causes of action and demands at any time arising out of or with respect to this Security Agreement, the Collateral and its use and/or any actions taken or omitted to be taken by Secured Party with respect thereto other than those arising solely from the gross negligence or willful misconduct of Secured Party, and Seller/Debtor hereby agrees to hold Secured Party harmless from and with respect to any and all such claims, causes of action and demands.

8. Secured Party's prior recourse to any Collateral shall not constitute a condition of any demand, suit or proceeding for payment or collection of the Obligations nor shall any demand, suit or proceeding for payment or collection on the Obligation constitute a condition of any recourse by Secured Party to the Collateral. Any suit or proceeding by Secured Party to recover under the Obligation shall not be deemed a waiver of or bar against subsequent proceedings by Secured Party with respect to any other outstanding Obligations and/or with respect to the Collateral. No act, omission or delay by Secured Party shall constitute a waiver of its rights and remedies hereunder or otherwise. No single or partial waiver by Secured Party of any covenant, warranty, representation, Default or right or remedy which it may have shall operate as a waiver of any other covenant, warranty, representation, Default, right or remedy or of the same covenant, warranty, representation, Default, right or remedy on a future occasion. Seller/Debtor hereby waives presentment, notice of dishonor and protest of all instruments included in or evidencing any Obligations or Collateral, and all other notices and demands whatsoever (except as may be expressly provided herein).

9. The Seller/Debtor hereby irrevocably consents to the personal jurisdiction and venue of the Greenville County Circuit Court of the State of South Carolina in connection with any action or proceeding arising out of or relating to this Security Agreement or the Collateral, or any document or instrument delivered with respect to the Obligation. Seller/Debtor waives the defenses of *forum non conveniens* and improper venue. Upon the performance by Seller/Debtor in full of its entire Obligation, the security interest created hereunder shall terminate and all rights to the Collateral shall revert to Seller/Debtor.

10. All terms herein shall have the meanings as defined in the UCC, unless the context otherwise requires. No provision hereof shall be modified, altered, waived, released, terminated or limited except by a written instrument expressly referring to this Security Agreement and to such provision, and executed by the party to be charged. The execution and delivery of this Security Agreement has been authorized by Seller/Debtor. This Security Agreement and the Obligations shall be governed in all respects by the laws of the State of South Carolina applicable to contracts executed and to be performed in part or in whole in such state. If any term of this Security Agreement shall be held to be invalid, illegal or unenforceable, the validity of all other terms hereof shall in no way be affected thereby. Seller/Debtor acknowledges receipt of a copy of this Security Agreement.

THIS SECURITY AGREEMENT is in addition to, and not in lieu, replacement, or substitution of, any and all prior agreements from Seller/Debtor to Secured Party.

Seller [redacted]

EXHIBIT A - DESCRIPTION OF COLLATERAL

The Collateral is an account receivable from [redacted] (Seller) to [redacted] (Buyer) as more fully described in the Agreement and/or the UCC, both of which are incorporated herein. The security interest in this collateral attaches after any funds have been disbursed from DFAS Pension to Seller/Debtor and immediately upon receipt of the Seller/Debtor of these specific funds in any form, fashion, account, or location; and after the funds have left the purview of any ERISA regulated organization. This Security Agreement specifically allows the Buyer a security interest in any and all banking or financial accounts of which I am account holder or beneficiary.

IN WITNESS WHEREOF, the parties have executed this Security Agreement

WITNESS:

[redacted]

Witness #1 Signature

Witness #1 Printed Name [redacted]

[redacted] Seller/Beneficiary

[redacted]

****

STATE OF Michigan)
COUNTY OF Marquette)

ACKNOWLEDGEMENT

On 10/24 2016 before me, Paul Saari, Notary Public for Michigan personally appeared [redacted], personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument, the person or the entity on behalf of which the person acted, executed the instrument.

SWORN to before me this 24th day of October, 2016.

Paul Saari (SEAL)

Notary Public for Michigan

My Commission Expires: 10/13/17

PAUL SAARI
NOTARY PUBLIC - STATE OF MICHIGAN
COUNTY OF MARQUETTE
My Commission Expires October 13, 2017
Acting in the County of Marquette

Sell[redacted]

SECURITY AGREEMENT

The undersigned [redacted] ("Seller/Debtor"), of [redacted] (Seller/Debtor's Address for Notice), hereby agrees and grants to and in favor of [redacted] (the "Secured Party"), of [redacted] (Secured Party's Address for Notice), security interest as follows:

1. In consideration of advances by the Secured Party to Seller/Debtor, directly or indirectly, as principal, guarantor or otherwise, Seller/Debtor hereby grants and assigns to Secured Party a continuing security interest in, lien upon, and a right of set-off against, all of Seller/Debtor's right, title, and interest in and to the Collateral referred to in Paragraph 2 and defined in "Exhibit A" hereof, to secure the prompt payment, performance, and observance of all indebtedness, obligations, liabilities, and agreements of any kind of Seller/Debtor to the Secured Party, however evidenced, arising under or in connection with the Agreement executed by Seller/Debtor in the principal amount of $ 800.00 monthly for a term in accordance with the Agreement which is incorporated herein by reference and attached as "Exhibit B," and the prompt performance and observance of all other obligations of Seller/Debtor to Secured Party. (All of the foregoing being herein referred to as the "Obligations").

2. The "Collateral" is defined as an account receivable, more fully described in Exhibit "A" hereto. By these premises Seller/Debtor agrees and consents to the pledge of the Collateral as security for the Agreement.

3. Seller/Debtor warrants, represents and covenants that:

(a) the state, or commonwealth, where Seller/Debtor resides and the books and records relating to the Collateral is, Arizona;

(b) except for those in favor of Secured Party, the Collateral is now, and at all times will be, will be subject to the right of Seller/Debtor to receive free and clear of all liens, security interests, claims, and encumbrances except as otherwise authorized in this Security Document;

(c) the Seller/Debtor will not assign, sell, lease, transfer, or otherwise dispose of or abandon, nor will Seller/Debtor suffer or permit any of the same to occur with respect to, the Collateral, and the inclusion of "proceeds" of the Collateral under the security interest granted herein shall not be deemed a consent by Secured Party to any sale or other disposition of any Collateral;

(d) at any time and from time to time, Seller/Debtor at its sole cost and expense will execute and deliver to Secured Party such financing statements pursuant to the Uniform Commercial Code ("UCC") as enacted in the state, or commonwealth, of Arizona (Seller/Debtor's State), applications for certificate of title and other papers, documents, or instruments as may be reasonably requested by Secured Party in connection with this Security Agreement and to the extent permitted by applicable law, the Seller/Debtor hereby authorizes Secured Party to execute and file at any time and from time to time one or more financing statements, including a UCC-1;

(e) Seller/Debtor assumes all responsibility and liability arising from the use, by Seller/Debtor, of the Collateral;

(f) after the occurrence and during the continuation of a Default, any proceeds of the Collateral received by the Seller/Debtor shall not be commingled with other property of the Seller/Debtor, but shall be segregated, held by the Seller/Debtor in trust for Secured Party, and immediately delivered to Secured Party in the form received, duly endorsed in blank where appropriate to effectuate the provisions hereof, the same to be held by Secured Party as additional Collateral hereunder or, at Secured Party's option, to be applied to payment of the obligations, whether or not due and in any order.

4. For purposes of this Security Agreement, "Default" shall be defined herein as, but not limited to:

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(a) the failure of Seller/Debtor, whether willful or not, to comply with any covenant, affirmative or negative, securing the Agreement to Secured Party;

(b) interference with, interruption of, or diminishment of, or allowing or causing any third party to interfere with, interrupt, or diminish, the cash flow as designated in the Agreement to the Secured Party, unless specifically authorized by Secured Party in writing;

(c) or any other default under any such other documents.

5. After the occurrence and during the continuation of any Default, Secured Party shall have the following rights and remedies (in the extent permitted by applicable law) in addition to all rights and remedies of a secured party under the UCC or otherwise (whether at law or in equity), all such rights and remedies being cumulative, not exclusive and enforceable alternatively, successively or concurrently:

(a) Secured Party may, with or without judicial process or the aid and assistance of others to the extent permitted by applicable law,

(i) require Seller/Debtor to assemble and make available to Secured Party at the expense of the Seller/Debtor, any part or all of the Collateral,

(ii) remove any part or all of the Collateral from any account or premises for the purpose of disposition thereof.

(b) Secured Party may at any time and from time to time during the continuance of a Default, appropriate, set off and apply to the payment of the Obligations, any Collateral in or coming into the possession of Secured Party without notice to Seller/Debtor and in such manner as Secured Party may in its discretion determine.

6. Seller/Debtor hereby designates and appoints Secured Party and each of its designees or agents as attorney-in-fact of the Seller/Debtor, irrevocably and with power of substitution, with authority, after the occurrence and during the continuation of a Default, and upon reasonable notice to Seller/Debtor of the existence of such Default, to adjust and compromise any claims under insurance policies or otherwise. All acts done under the foregoing authorization (except those which constitute gross negligence or willful misconduct by Secured Party) are hereby ratified and approved, and neither Secured Party, nor any designee or agent thereof, shall be liable for any acts of commission or omission, for any error of judgment or for any mistake of fact or law except for any of the foregoing arising solely from the gross negligence or willful misconduct of Secured Party. This power of attorney being coupled with an interest is irrevocable while any Obligations shall remain unpaid and shall terminate upon all Obligations being satisfied.

7. Seller/Debtor hereby releases Secured Party from any claims, causes of action and demands at any time arising out of or with respect to this Security Agreement, the Collateral and its use and/or any actions taken or omitted to be taken by Secured Party with respect thereto other than those arising solely from the gross negligence or willful misconduct of Secured Party, and Seller/Debtor hereby agrees to hold Secured Party harmless from and with respect to any and all such claims, causes of action and demands.

8. Secured Party's prior recourse to any Collateral shall not constitute a condition of any demand, suit or proceeding for payment or collection of the Obligations nor shall any demand, suit or proceeding for payment or collection on the Obligation constitute a condition of any recourse by Secured Party to the Collateral. Any suit or proceeding by Secured Party to recover under the Obligation shall not be deemed a waiver of or bar against subsequent proceedings by Secured Party with respect to any other outstanding Obligations and/or with respect to the Collateral. No act, omission or delay by Secured Party shall constitute a waiver of its rights and remedies hereunder or otherwise. No single or partial waiver by Secured Party of any covenant, warranty, representation, Default or right or remedy which it may have shall operate as a waiver of any other covenant, warranty, representation, Default, right or remedy or of the same covenant, warranty, representation, Default, right or remedy on a future occasion. Seller/Debtor hereby waives presentment, notice of dishonor and protest of all instruments included in or evidencing any Obligations or Collateral, and all other notices and demands whatsoever (except as may be expressly provided herein).

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9. The Seller/Debtor hereby irrevocably consents to the jurisdiction of the courts of the state of (insert buyer address) and of any federal court located in such state in connection with any action or proceeding arising out of or relating to this Security Agreement or the Collateral, or any document or instrument delivered with respect to the Obligation. Seller/Debtor waives the defenses of forum non conveniens and improper venue. Seller/Debtor hereby waives personal service of any process in connection with any such action or proceeding and agrees that the service thereof may be made by certified or registered mail directed to Seller/Debtor at the personal residence of Seller/Debtor set forth in this Security Agreement.

12. Upon the performance by Seller/Debtor in full of its entire Obligation, the security interest created hereunder shall terminate and all rights to the Collateral shall revert to Seller/Debtor.

13. All terms herein shall have the meanings as defined in the UCC, unless the context otherwise requires. No provision hereof shall be modified, altered, waived, released, terminated or limited except by a written instrument expressly referring to this Security Agreement and to such provision, and executed by the party to be charged. The execution and delivery of this Security Agreement has been authorized by Seller/Debtor. This Security Agreement and the Obligations shall be governed in all respects by the laws of the state, or commonwealth, of Arizona *(Seller/Debtor's State)* applicable to contracts executed and to be performed in such state. If any term of this Security Agreement shall be held to be invalid, illegal or unenforceable, the validity of all other terms hereof shall in no way be affected thereby. Seller/Debtor acknowledges receipt of a copy of this Security Agreement.

14. **THIS SECURITY AGREEMENT** is in addition to, and not in lieu, replacement, or substitution of, any and all prior agreements from Seller/Debtor to Secured Party.

IN WITNESS WHEREOF, the undersigned has executed or caused this Security Agreement to be executed as of the date first above set forth.

SELLER/DEBTOR: [redacted]
(Print Name)

SIGNED: [redacted]
(Signature of Seller/Debtor)

ACKNOWLEDGMENT

STATE OF Arizona

COUNTY OF Pima ss:

BE IT REMEMBERED that on this day came before me, the undersigned Notary Public, within and for the [redacted] County and State aforesaid, duly commissioned, qualified and acting, [redacted], who acknowledged that he/she is the Seller/Debtor of this Security Agreement, duly authorized in his/her respective capacity to execute the foregoing instrument, and further stated and acknowledged that he/she has so signed, executed, and delivered said foregoing instrument for the consideration, uses, and purposes therein mentioned and set forth.

DATED this 26 day of October 2011

Notary Public [redacted]

My Commission Expires 3/11/2015

[redacted]

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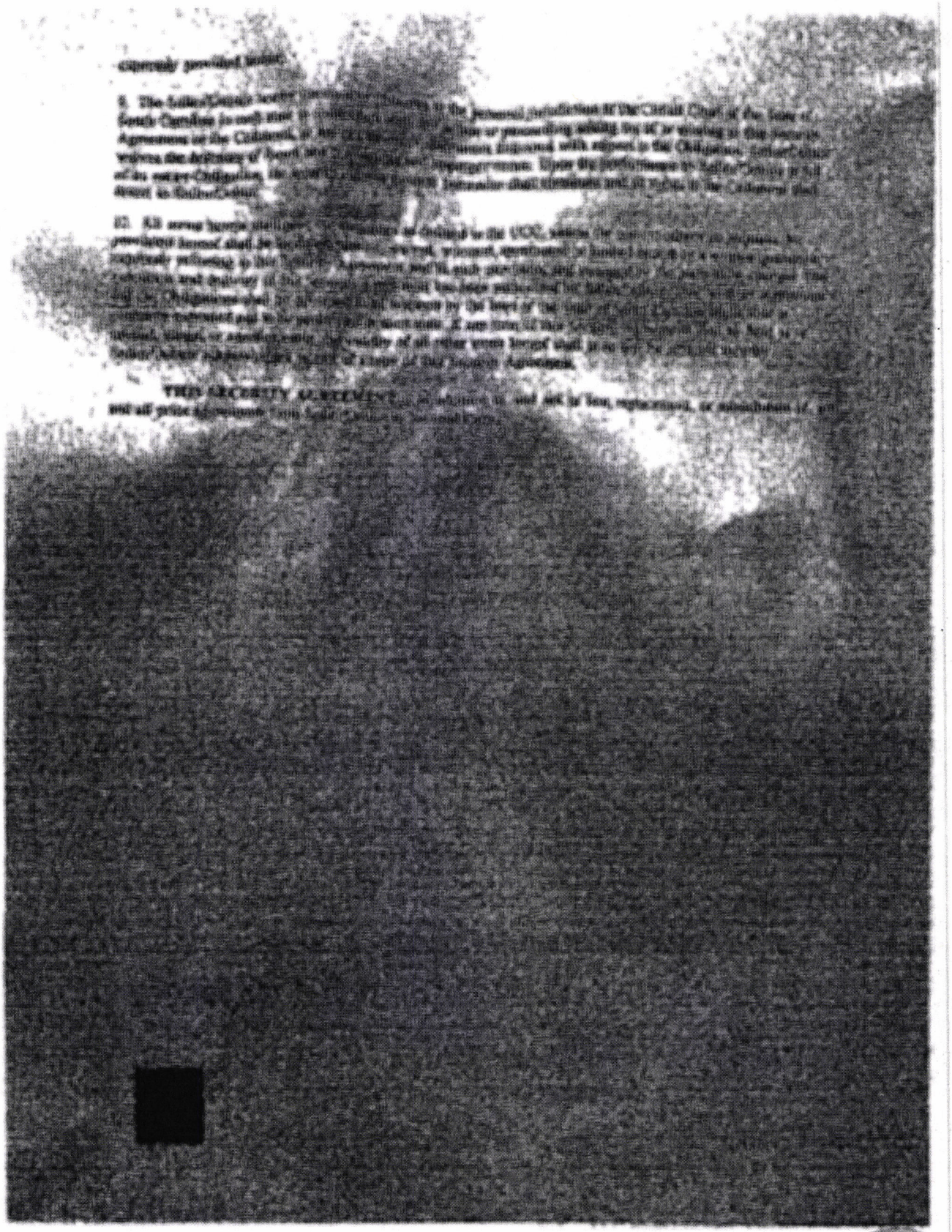

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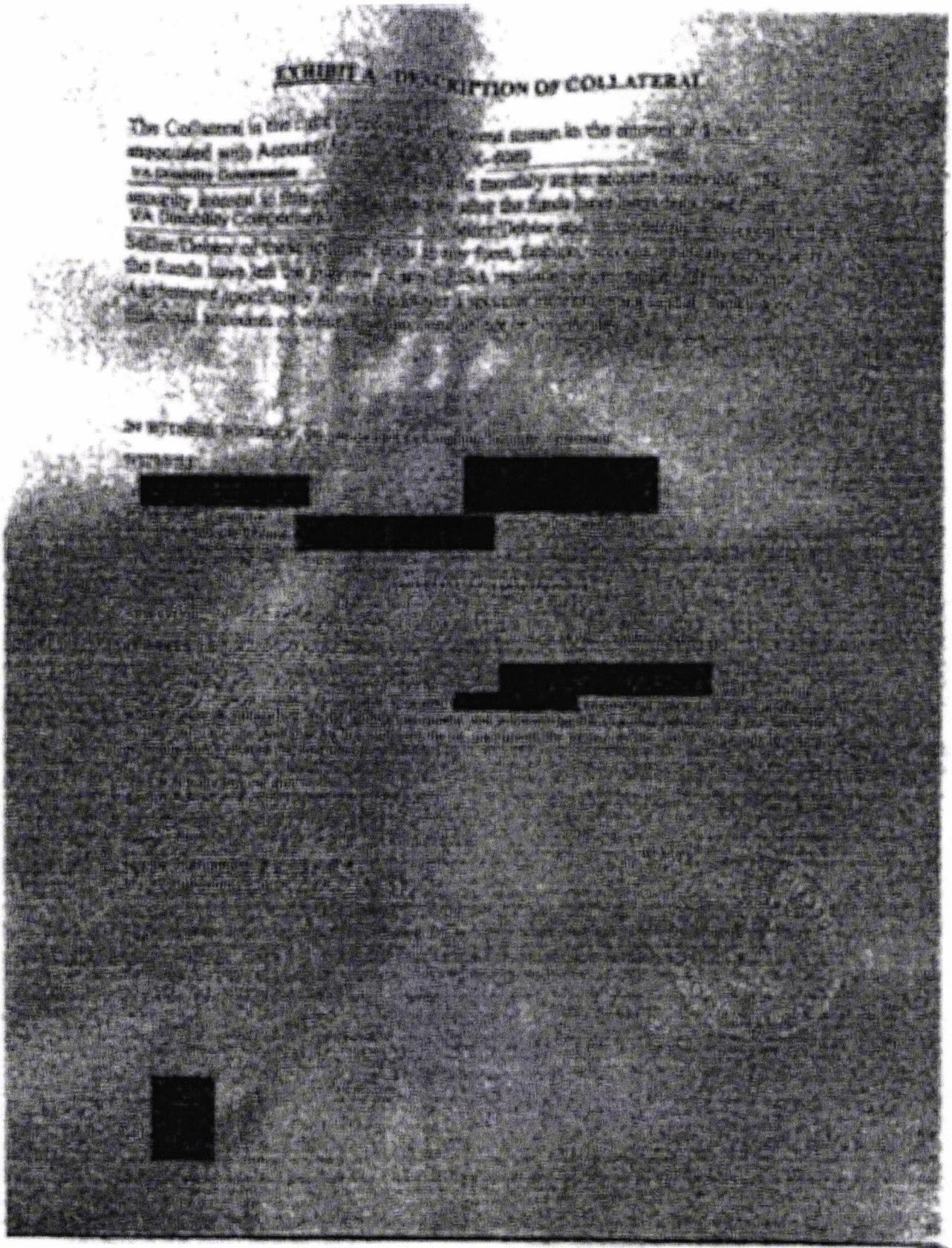

EXHIBIT A - DESCRIPTION OF COLLATERAL

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PURCHASE ASSISTANCE AGREEMENT

This Purchase Assistance Agreement is made effective this 28 day of October 20 16 (the "Effective Date"), by and between SoBell Corp, [redacted] (enter Distributor) and [redacted] (enter Agent) together and/or individually or in combination, and [redacted] ("Buyer").

RECITALS

WHEREAS, from time to time, "Seller(s)" may desire to sell certain fixed payments which have been distributed to and received by the Seller from certain structured assets (the "Payment(s)") in exchange for a discounted lump sum payment;

WHEREAS, Buyer desires to purchase such Payments as provided in this Purchase Assistance Agreement;

WHEREAS, Buyer desires for certain agents engaged by Buyer's agent/advisor to provide Buyer with administrative assistance in connection with the purchase of the Payments; and

WHEREAS, SoBell Corp, its distributors, and other engaged professionals engaged by my agent/advisor desire to accept such engagement subject to the terms and conditions contained in this Purchase Assistance Agreement.

NOW THEREFORE, in consideration of the mutual covenants and benefits herein contained, the receipt and sufficiency is hereby acknowledged, Buyer, SoBell Corp, its distributors, my agent's distributors and their engaged agents, including the escrow agent and other engaged professionals agree as follows:

1. Price Quote and Escrow. Pursuant to this Purchase Assistance Agreement, SoBell Corp shall endeavor to deliver to Buyer, by and through their agent and/or distributor, from time to time, a Purchase Application on behalf of a Seller. Such Purchase Application will describe certain Payments for sale at that time and provide Buyer an opportunity to offer to purchase such Payments. If Buyer desires to purchase such Payments described in the Purchase Application, the Buyer shall execute the Purchase Application provided to Buyer by Buyer's agent/advisor and return the signed Purchase Application to Buyer's agent/advisor. If SoBell Corp, on behalf of the Seller, accepts Buyer's offer for purchase as set forth in the Purchase Application, SoBell Corp shall notify Buyer as indicated in the Purchase Application. Pursuant to closing of the purchase of the Payments, the Buyer shall, as directed in the Purchase Application, deposit into an escrow or other trust account, subject to the terms and conditions of the Purchase Application, an amount equal to the Buyer's offer as indicated in the Purchase Application.

2. The Purchase Price shall be paid in legal US Dollars and payable to Upstate Law Group, LLC (the "Escrow Agent") to be held pending the finalization of the transaction and delivered to the following address:

Upstate Law Group, LLC
Income Case Funding IOLTA Account
200 East Main Street
Easley, SC 29640

SSB 000182

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3. Closing and Payment.

3.1. Documents. All original documents should be returned to:

SoBell Corp
1000 Highland Colony Park, Suite 5203
Ridgeland, MS 39157

3.2. Closing. The closing of each purchase and sale of Payments (the "Closing") shall occur upon the completion of all of the following: (1) funding into escrow by the Buyer (as described herein); (2) delivery to and receipt by the Buyer of a complete closing book (the "Closing Book") as described in Schedule A of this Purchase Assistance Agreement; (3) funds in the amount of the purchase price for the Payments (the "Purchase Price") minus applicable fees, costs and Commissions are paid and delivered to the Seller; and (4) funds in the amount of the Commission (hereinafter defined), applicable transaction fees and transaction costs are delivered to the Escrow Agent for appropriate disbursement at the closing of this transaction.

3.3. Conveyance. Upon distribution from escrow of the funding amount set forth in the Purchase Application, the transaction between Seller and Buyer shall constitute a final sale, grant, transfer and conveyance by Seller to Buyer of all of Seller's rights and interest in, and to the Payment(s) described in the Contract for Sale of Payments and the Security Agreement; provided, however, that the underlying asset/payment source shall at all times remain the sole property of Seller and under the control of Seller.

3.4. Price and Payment. The Purchase Price set forth in each Contract for Sale shall be paid in accordance with the funding instructions mutually agreed upon by the parties to this Purchase Assistance Agreement and as provided in the Closing Book. It is agreed that any "Commissions" due shall be calculated, on the day of funding, from a pre-negotiated discount rate.

3.5. Time is of the Essence. Buyer acknowledges that time is of the essence in this transaction with respect to all provisions of this Purchase Assistance Agreement that specify a time for performance and unreasonable delay may constitute a breach of this agreement; provided, however, that the foregoing shall not be construed to limit or deprive a party of the benefits of any grace or use period allowed in this Purchase Assistance Agreement.

4. Non-Circumvention.

4.1. For a period of five (5) years from the Effective Date of this Purchase Assistance Agreement, Buyer shall refrain from soliciting business or contracts from sources not their own which have been made available to Buyer either by or through SoBell Corp, its distributors, and other engaged professionals engaged by my agent/advisor for this transaction or resulting from the efforts of SoBell Corp, its distributors, and other engaged professionals engaged by my agent/advisor for this transaction, without the express written permission of SoBell Corp. In addition, all parties to this Purchase Assistance Agreement, including but not limited to, signatories, affiliates, subsidiaries, partners, relatives, heirs, successors, assigns, and agents to all of the parties to this Purchase Assistance Agreement will maintain complete confidentiality regarding the information, aspects, terms, and conditions of the Contract(s) for Sale, the Payment(s), and Purchase Application, and, unless required by law or to enforce this contract, will only disclose such information (other than to the party's attorneys, auditors, vendees, investors, senior managers, or such employees whose knowledge is required to carry out the terms of this Purchase Assistance Agreement) under mutual written agreement with the other party, and only after written permission has been received from the originator of the source.

4.2. The Buyer and SoBell Corp, its distributors, and other engaged professionals engaged by my agent/advisor for this transaction further agree not to enter into business transaction(s) with banks, investors, brokers, co-brokers, sources of funds or other bodies, the names of which have been provided by either party, unless written permission has been obtained from the other party, or parties, to do so. For the sake of this Purchase Assistance Agreement, it does not matter whether the information is obtained from a natural or a legal person. The Buyer also undertakes not to make use of a third party to circumvent this Purchase Assistance Agreement.

4.3. In the event of circumvention of this Purchase Assistance Agreement by the Buyer or SoBell Corp, its distributors, and other engaged professionals engaged by my agent/advisor for this transaction, directly or indirectly, the circumvented party shall be entitled to damages equal to the maximum service it should realize from such a transaction plus any and all expenses, including but not limited to all reasonable legal fees and expenses incurred to recover the lost revenue.

5. Cooperation. SoBell Corp, its distributors, and other engaged professionals engaged by my agent/advisor for this transaction shall cooperate with the Buyer to instruct and notify the escrow company identified in the Contract for Sale to make the Payment(s) to Buyer in accordance with the terms of this Purchase Assistance Agreement. SoBell Corp, its distributors, and other engaged professionals engaged by my agent/advisor for this transaction shall direct all appropriate parties that such payments, if check or note, are to be made payable to and sent to:

Upstate Law Group, LLC
200 East Main Street
Easley, SC 29640

6. Administrative Assistance. Buyer and Buyer's agent/advisor(s) desire, acknowledge, and agree that in connection with Buyer's purchase of the Payments, SoBell Corp, Buyer's agent's distributor, and other professionals engaged by Buyer's agent(s) shall provide to Buyer only administrative assistance, and that all legal or financial advice or assistance is being solely provided by the Buyer's agent/advisor as detailed in the Purchaser Suitability Form.

7. ACKNOWLEDGMENT OF RISK. BUYER AND BUYER'S AGENT(S) EXPRESSLY ACKNOWLEDGE AND AGREE TO THE FOLLOWING:

7.1. BOTH PARTIES INTEND THAT THE TRANSACTION(S) CONTEMPLATED BY THIS PURCHASE ASSISTANCE AGREEMENT SHALL CONSTITUTE VALID SALE(S) OF PAYMENTS AND SHALL NOT CONSTITUTE IMPERMISSIBLE ASSIGNMENT(S), TRANSFER(S), OR ALIENATION OF BENEFITS BY SELLERS AS CONTEMPLATEDBY APPLICABLE LAWS; HOWEVER, CERTAIN RISKS EXIST AS DISCLOSED INTHE ACCOMPANYING DISCLOSURE OF RISKS STATEMENT.

7.2. BY EXECUTING THIS PURCHASE ASSISTANCE AGREEMENT, BUYER ACKNOWLEDGES AND AGREES THAT BUYER IS AWARE OF AND EXPRESSLY ACCEPTS ALL RISKS ASSOCIATED WITH THE TRANSACTION(S) CONTEMPLATED HEREIN AS DETAILED IN THE DISCLOSURE OF RISKS STATEMENT, INLCUDING THE DECLARATION OF UNKNOWN AND UNFORESEEN RISKS.

7.3. BUYER ACKNOWLEDGES AND AGREES THAT SOBELL CORP, ITS DISTRIBUTORS, AND OTHER ENGAGED PROFESSIONALS ENGAGED BY MY

AGENT/ADVISOR FOR THIS TRANSACTION, INCLUDING THEIR ATTORNEYS AND ASSIGNS MAKE NO REPRESENTATIONS OR WARRANTIES WHATSOEVER CONCERNING WHETHER A COURT OF LAW WOULD INTERPRET THE TRANSACTION(S) CONTEMPLATED HEREIN AS INVALID ASSIGNMENT(S), TRANSFER(S) OR ALIENATION OF BENEFITS, OR OTHERWISE DEEM THE TRANSACTION INVALID.

8. Wiring of Funds. The Buyer and SoBell Corp, its distributors, and other professionals engaged by my agent/advisor for this transaction acknowledge that the escrow agent cannot electronically transfer or wire funds later than 2:00 PM EST. Buyer agrees and acknowledges that transactions must be completed in sufficient time in order to allow mailing of documents and wiring of funds.

9. Assumption. Subject to the terms and conditions of this Purchase Assistance Agreement, and in accordance with the Contract for Sale, the Buyer shall accept the conveyance of the Payments described in the Contract for Sale, and shall also assume, perform, pay, and discharge all of the duties, liabilities, and obligations required under the Contract for Sale.

10. Entire Agreement. Neither party has been induced to enter into this Purchase Assistance Agreement by any covenant, representation, nor warranty not specifically set forth herein. This Purchase Assistance Agreement supersedes all prior agreements, arrangements and understandings, whether oral or written, and all other communications between Buyer and his/her agent(s) concerning the subject matter hereof. No modification, waiver, release, rescission, or amendment of any provision of this Purchase Assistance Agreement shall be made except by a written instrument duly executed by each of the parties hereto.

11. Binding Effect. This Purchase Assistance Agreement shall inure to the benefit of and be binding upon the Buyer's agent(s), the Buyer, and their respective assistants, agents, successors, heirs, and assigns.

12. Severability. Any invalid or unenforceable provision shall be deemed severed from this Purchase Assistance Agreement to the extent of its invalidity or unenforceability, and the remainder of this Purchase Assistance Agreement shall remain in full force and effect.

13. Counterparts. This Purchase Assistance Agreement may be executed in two or more counterparts which, when taken together, shall be deemed an original and constitute one and the same document. Facsimile or other electronic transmission of executed signature pages shall be sufficient to bind the executing party and shall be admissible the same as an "original" in any court proceeding.

14. Confidentiality. SoBell Corp, its distributors, and other professionals engaged by my agent/advisor for this transaction (including their agents) and the Buyer agree that the contents of this Purchase Assistance Agreement shall remain confidential, and shall not be disclosed to any person or entity (other than the party's attorneys, auditors, vendees, investors, senior managers, or such employees whose knowledge is required to carry out the terms of this Purchase Assistance Agreement) except as may be required by law, in order to enforce this agreement or upon reasonable notice to all parties.

15. Section Headings. Section headings contained in this Purchase Assistance Agreement are inserted for convenience or reference only and shall not be deemed to be a part of this Purchase Assistance Agreement for any purpose, and shall not in any way define or affect the meaning, construction, scope of any of the provisions hereof.

16. Governing Law. This Purchase Assistance Agreement shall be construed according to the laws of the State of South Carolina, without regard to choice of law principles.

17. Venue. The Buyer agrees to personal jurisdiction in Greenville County, South Carolina and for venue in any proceeding regarding this agreement to be in the Court of Common Pleas in Greenville County, South Carolina.

18. Class Action Waiver. Any litigation based upon this agreement shall proceed solely on an individual basis without the right for any claims to be litigated on a class action basis or on bases involving claims brought in a purported representative capacity on behalf of others. Buyer agrees that his/her claims, if any, may not be joined or consolidated unless agreed to in writing by all parties. Furthermore, no verdict will have any preclusive effect as to issues or claims in any dispute with anyone who is not a named party to this contract.

IN WITNESS WHEREOF, the parties have executed this Purchase Assistance Agreement as of the Effective Date.

"Buyer" (a/k/a "Purchaser"):

[redacted]

Buyer Signature

[redacted]

Buyer/Purchaser Printed Name

"Co-Buyer" (a/k/a "Co-Purchaser"):

[redacted]

Co-Buyer Signature

[redacted]

Co-Buyer/Co-Purchaser Printed Name

Current Physical Address:

[redacted]

Email:

[redacted]

Telephone:

[redacted]

SBC PAA NQ 3/2015

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SSB:000138

VFG

PURCHASE ASSISTANCE AGREEMENT

This Purchase Assistance Agreement is made effective this 9th day of November, 2011 (the "Effective Date"), by and between VFG, LLC, a Delaware limited liability company ("VFG") and [redacted] ("Buyer").

RECITALS

WHEREAS, from time to time, VFG enters into Sales Assistance Agreements with individuals (the "Seller(s)") who desire to sell certain fixed payments which have been distributed to and received by the Sellers from certain structured assets (the "Payment(s)") in exchange for a discounted lump sum payment;

WHEREAS, Buyer desires to purchase such Payments as provided in this Purchase Assistance Agreement;

WHEREAS, Buyer desires to engage VFG to provide Buyer with administrative assistance in connection with the purchase of the Payments; and

WHEREAS, VFG desires to accept such engagement subject to the terms and conditions contained in this Purchase Assistance Agreement.

NOW THEREFORE, in consideration of the mutual covenants and benefits herein contained, the receipt and sufficiency is hereby acknowledged, Buyer and VFG agree as follows:

1. Price Quote and Escrow. Pursuant to this Purchase Assistance Agreement, VFG shall endeavor to deliver to Buyer, from time to time, an Offer of Sale on behalf of a Seller. Such Offer of Sale will describe certain Payments for sale at that time and provide Buyer an opportunity to offer to purchase such Payments. If Buyer desires to purchase such Payments described in the Offer of Sale, the Buyer shall execute a Purchase Application provided to Buyer by VFG and return the signed Purchase Application to VFG. If VFG, on behalf of the Seller, accepts Buyer's offer for purchase as set forth in the Purchase Application, VFG shall notify Buyer as indicated in the Purchase Application. Pursuant to closing of the purchase of the Payments, the Buyer shall, as directed in the Purchase Application, deposit into an escrow account, subject to the terms and conditions of the Purchase Application, an amount equal to the Buyer's offer as indicated in the Purchase Application.

2. Contract for Sale of Payments. In connection with the purchase of Payments, Buyer and Seller shall be required to execute a Contract for Sale of Payments, pursuant to Schedule A of this Agreement (the "Contract for Sale"). The Contract for Sale shall include a description of the Payments to be sold to Buyer along with a description of the asset underlying the Payments.

3. Closing and Payment.

3.1 Closing. The closing of each purchase and sale of Payments (the "Closing") shall occur upon the completion of all of the following: (1) funding into escrow by the Buyer (as described herein); (2) delivery to and receipt by the Buyer of a complete closing book (the "Closing Book") as described in Schedule A of this Purchase Assistance Agreement; (3) funds in the amount of the purchase price for the Payments (the "Purchase Price") are paid and delivered to the Seller; and (4) funds in the

[redacted] Initials

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amount of the Commission (hereinafter defined) are delivered to VFG.

3.2 Conveyance. Upon distribution from escrow of the funding amount set forth in the Purchase Application, the transaction between Seller and Buyer shall constitute a final sale, grant, transfer and conveyance by Seller to Buyer of all of Seller's rights and interest in, to, and under the Payment(s); provided, however, that the underlying asset shall remain the sole property of Seller and under the control of Seller.

3.3 Price and Payment. The Purchase Price set forth in each Contract for Sale shall be paid in accordance with the funding instructions mutually agreed upon by the parties to this Purchase Assistance Agreement and as provided in the Closing Book. It is agreed that the "Commission" to VFG shall be calculated, on the day of funding, from a pre-negotiated discount rate.

3.4 Time is of the Essence. Buyer acknowledges that time is of the essence in this transaction with respect to all provisions of this Purchase Assistance Agreement that specify a time for performance and unreasonable delay may constitute a breach of this agreement; provided, however, that the foregoing shall not be construed to limit or deprive a party of the benefits of any grace or use period allowed in this Purchase Assistance Agreement.

4. Non-Circumvention.

4.1 For a period of five (5) years from the Effective Date of this Purchase Assistance Agreement, Buyer shall refrain from soliciting business or contracts from sources not their own which have been made available to Buyer either by or through VFG or resulting from the efforts of VFG or VFG's employees, contractors, or agents, without the express written permission of VFG. In addition, all parties to this Purchase Assistance Agreement, including but not limited to, signatories, affiliates, subsidiaries, partners, relatives, heirs, successors, assigns, and agents to all of the parties to this Purchase Assistance Agreement will maintain complete confidentiality regarding the information, aspects, terms, and conditions of the Contract(s) for Sale, the Payment(s), and Purchase Application, and, unless required by law, will only disclose such information (other than to the party's attorneys, auditors, vendees, investors, senior managers, or such employees whose knowledge is required to carry out the terms of this Purchase Assistance Agreement) under mutual written agreement with the other party, and only after written permission has been received from the originator of the source.

4.2 The Buyer and VFG further agree not to enter into business transaction(s) with banks, investors, brokers, co-brokers, sources of funds or other bodies, the names of which have been provided by either party, unless written permission has been obtained from the other party, or parties, to do so. For the sake of this Purchase Assistance Agreement, it does not matter whether the information is obtained from a natural or a legal person. The Buyer also undertakes not to make use of a third party to circumvent this Purchase Assistance Agreement.

4.3 In the event of circumvention of this Purchase Assistance Agreement by the Buyer or VFG, directly or indirectly, the circumvented party shall be entitled to damages equal to the maximum service it should realize from such a transaction plus any and all expenses, including but not limited to all reasonable legal fees and expenses incurred to recover the lost revenue.

5. Cooperation by VFG. VFG shall cooperate with the Buyer to instruct and notify the escrow company identified in the Contract for Sale to make the Payment(s) to Buyer in accordance with the terms of this Purchase Assistance Agreement. VFG shall direct all appropriate parties that such payments, if check or note, are to be made payable to and sent to:

[redacted]

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VFG

[redacted]

5. Administrative Assistance. Buyer and VFG desire, acknowledge, and agree that in connection with Buyer's purchase of the Payments, VFG shall provide to Buyer only administrative assistance, and VFG shall not provide to Buyer legal or financial advice or assistance of any kind whatsoever.

7. ACKNOWLEDGMENT OF RISK. BUYER AND VFG EXPRESSLY ACKNOWLEDGE AND AGREE TO THE FOLLOWING:

7.1. BOTH PARTIES INTEND THAT THE TRANSACTION(S) CONTEMPLATED BY THIS PURCHASE ASSISTANCE AGREEMENT SHALL CONSTITUTE VALID SALE(S) OF PAYMENTS AND SHALL NOT CONSTITUTE IMPERMISSIBLE ASSIGNMENT(S), TRANSFER(S), OR ALIENATION OF BENEFITS BY SELLERS AS CONTEMPLATED BY APPLICABLE LAWS; HOWEVER, CERTAIN RISKS EXIST.

7.2. BY EXECUTING THIS PURCHASE ASSISTANCE AGREEMENT, BUYER ACKNOWLEDGES AND AGREES THAT BUYER IS AWARE OF AND EXPRESSLY ACCEPTS ALL RISKS ASSOCIATED WITH THE TRANSACTION(S) CONTEMPLATED HEREIN.

7.3. BUYER ACKNOWLEDGES AND AGREES THAT VFG MAKES NO REPRESENTATIONS OR WARRANTIES WHATSOEVER CONCERNING WHETHER A COURT OF LAW WOULD INTERPRET THE TRANSACTION(S) CONTEMPLATED HEREIN AS INVALID ASSIGNMENT(S), TRANSFER(S) OR ALIENATION OF BENEFITS, OR OTHERWISE DEEM THE TRANSACTION INVALID.

8. Wiring of Funds. The Buyer and VFG acknowledge that the escrow agent cannot electronically transfer or wire funds later than 2:00 PM Central Time and that both the Buyer and VFG's obligations to each other must be completed in sufficient time in order to allow mailing of documents and wiring of funds.

9. Assumption. Subject to the terms and conditions of this Purchase Assistance Agreement, and in accordance with the Contract for Sale, the Buyer shall accept the conveyance of the Payments described in the Contract for Sale, and shall also assume, perform, pay, and discharge all of the duties, liabilities, and obligations required under the Contract for Sale.

10. Entire Agreement. Neither party has been induced to enter into this Purchase Assistance Agreement by any covenant, representation, or warranty not specifically set forth herein. This Purchase Assistance Agreement supersedes all prior agreements, arrangements and understandings, whether oral or written, and all other communications between Buyer and VFG concerning the subject matter hereof. No modification, waiver, release, rescission, or amendment of any provision of this Purchase Assistance Agreement shall be made except by a written instrument duly executed by each of the parties hereto.

11. Binding Effect. This Purchase Assistance Agreement shall inure to the benefit of and be binding upon VFG, the Buyer, and their respective successors, heirs, and assigns.

[redacted] Initials

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12. Severability. Any invalid or unenforceable provision shall be deemed severed from this Purchase Assistance Agreement to the extent of its invalidity or unenforceability, and the remainder of this Purchase Assistance Agreement shall remain in full force and effect.

13. Counterparts. This Purchase Assistance Agreement may be executed in two or more counterparts which, when taken together, shall be deemed an original and constitute one and the same document. Facsimile transmission of executed signature pages shall be sufficient to bind the executing party.

14. Confidentiality. VFG and the Buyer agree that the contents of this Purchase Assistance Agreement shall remain confidential, and shall not be disclosed to any person or entity (other than the party's attorneys, auditors, vendees, investors, senior managers, or such employees whose knowledge is required to carry out the terms of this Purchase Assistance Agreement) except as may be required by law and upon reasonable notice to the parties.

15. Section Headings. Section headings contained in this Purchase Assistance Agreement are inserted for convenience or reference only and shall not be deemed to be a part of this Purchase Assistance Agreement for any purpose, and shall not in any way define or affect the meaning, construction, scope of any of the provisions hereof.

16. Governing Law. This Purchase Assistance Agreement shall be construed according to the laws of the State of Arkansas, without regard to choice of law principles.

INITIAL THE BOTTOM OF EACH PAGE BEFORE SUBMISSION

(Signatures Contained on Following Pages)

[redacted] Initials

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VFG

IN WITNESS WHEREOF, the parties have executed this Purchase Assistance Agreement as of the Effective Date.

"Buyer" [redacted]

[redacted]

Signature

[redacted]

Printed Name

Current Physical Address: [redacted]

Email: _____

Telephone: _____

"VFG"

VFG, LLC, a Delaware Limited Liability Company

By: _____

Printed Name: Christian Adcock

Its: _____

[redacted] Initials

PURCHASE ASSISTANCE AGREEMENT

This Purchase Assistance Agreement is made effective this 10th day of September 2014 (the "Effective Date"), by and between BAIC, INC, [redacted] (enter Distributor) and [redacted] (enter Agent) (together and/or individually or in combination, the Transaction Assistance Team, ("Transaction Assistance Team") and [redacted] ("Buyer").

RECITALS

WHEREAS, from time to time, Transaction Assistance Team enters into Sales Assistance Agreements with individuals (the "Seller(s)") who desire to sell certain fixed payments which have been distributed to and received by the Sellers from certain structured assets (the "Payment(s)") in exchange for a discounted lump sum payment;

WHEREAS, Buyer desires to purchase such Payments as provided in this Purchase Assistance Agreement;

WHEREAS, Buyer desires to engage Transaction Assistance Team to provide Buyer with administrative assistance in connection with the purchase of the Payments; and

WHEREAS, Transaction Assistance Team desires to accept such engagement subject to the terms and conditions contained in this Purchase Assistance Agreement.

NOW THEREFORE, in consideration of the mutual covenants and benefits herein contained, the receipt and sufficiency is hereby acknowledged, Buyer and Transaction Assistance Team agree as follows:

1. Price Quote and Escrow. Pursuant to this Purchase Assistance Agreement, Transaction Assistance Team shall endeavor to deliver to Buyer, from time to time, a Purchase Application on behalf of a Seller. Such Purchase Application will describe certain Payments for sale at that time and provide Buyer an opportunity to offer to purchase such Payments. If Buyer desires to purchase such Payments described in the Purchase Application, the Buyer shall execute the Purchase Application provided to Buyer by Transaction Assistance Team and return the signed Purchase Application to Transaction Assistance Team. If Transaction Assistance Team, on behalf of the Seller, accepts Buyer's offer for purchase as set forth in the Purchase Application, Transaction Assistance Team shall notify Buyer as indicated in the Purchase Application. Pursuant to closing of the purchase of the Payments, the Buyer shall, as directed in the Purchase Application, deposit into an escrow or other trust account, subject to the terms and conditions of the Purchase Application, an amount equal to the Buyer's offer as indicated in the Purchase Application.

2. The Purchase Price shall be paid in legal US Dollars and payable to Upstate Law Group, LLC (the "Escrow Agent") for the benefit of Seller and delivered to the following address:

Upstate Law Group, LLC
Income Case Funding IOLTA Account
200 East Main Street
Easley, SC 29640

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3. Closing and Payment.

3.1. Documents. All original documents should be returned to:

BAIC, INC
P.O. Box 2199
Gainesville, TX 76241

3.2. Closing. The closing of each purchase and sale of Payments (the "Closing") shall occur upon the completion of all of the following: (1) funding into escrow by the Buyer (as described herein); (2) delivery to and receipt by the Buyer of a complete closing book (the "Closing Book") as described in Schedule A of this Purchase Assistance Agreement; (3) funds in the amount of the purchase price for the Payments (the "Purchase Price") minus applicable fees, costs and Commissions are paid and delivered to the Seller; and (4) funds in the amount of the Commission (hereinafter defined), applicable transaction fees and transaction costs are delivered to Transaction Assistance Team.

3.3. Conveyance. Upon distribution from escrow of the funding amount set forth in the Purchase Application, the transaction between Seller and Buyer shall constitute a final sale, grant, transfer and conveyance by Seller to Buyer of all of Seller's rights and interest in, and to the Payment(s) described in the Contract for Sale of Payments and the Security Agreement; provided, however, that the underlying asset/payment source shall at all times remain the sole property of Seller and under the control of Seller.

3.4. Price and Payment. The Purchase Price set forth in each Contract for Sale shall be paid in accordance with the funding instructions mutually agreed upon by the parties to this Purchase Assistance Agreement and as provided in the Closing Book. It is agreed that any "Commission" to members of the Transaction Assistance Team shall be calculated, on the day of funding, from a pre-negotiated discount rate.

3.5. Time is of the Essence. Buyer acknowledges that time is of the essence in this transaction with respect to all provisions of this Purchase Assistance Agreement that specify a time for performance and unreasonable delay may constitute a breach of this agreement; provided, however, that the foregoing shall not be construed to limit or deprive a party of the benefits of any grace or use period allowed in this Purchase Assistance Agreement.

4. Non-Circumvention.

4.1. For a period of five (5) years from the Effective Date of this Purchase Assistance Agreement, Buyer shall refrain from soliciting business or contracts from sources not their own which have been made available to Buyer either by or through Transaction Assistance Team or resulting from the efforts of Transaction Assistance Team or Transaction Assistance Team's employees, contractors, or agents, without the express written permission of Transaction Assistance Team. In addition, all parties to this Purchase Assistance Agreement, including but not limited to, signatories, affiliates, subsidiaries, partners, relatives, heirs, successors, assigns, and agents to all of the parties to this Purchase Assistance Agreement will maintain complete confidentiality regarding the information, aspects, terms, and conditions of the Contract(s) for Sale, the Payment(s), and Purchase Application and, unless required by law or to enforce this contract, will only disclose such information (other than to the party's attorneys, auditors, trustees, investors, senior managers, or such employees whose knowledge is required to carry out the terms of this Purchase Assistance Agreement) under mutual written agreement with the other party, and only after written permission has been received from the originator of the source.

4.2. The Buyer and Transaction Assistance Team further agree not to enter into business transaction(s) with banks, investors, brokers, co-brokers, sources of funds or other bodies, the names of which have been provided by either party, unless written permission has been obtained from the other

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party, or parties, to do so. For the sake of this Purchase Assistance Agreement, it does not matter whether the information is obtained from a natural or a legal person. The Buyer also undertakes not to make use of a third party to circumvent this Purchase Assistance Agreement.

4.3. In the event of circumvention of this Purchase Assistance Agreement by the Buyer or Transaction Assistance Team, directly or indirectly, the circumvented party shall be entitled to damages equal to the maximum service it should realize from such a transaction plus any and all expenses, including but not limited to all reasonable legal fees and expenses incurred to recover the lost revenue.

5. Cooperation by Transaction Assistance Team. Transaction Assistance Team shall cooperate with the Buyer to instruct and notify the escrow company identified in the Contract for Sale to make the Payment(s) to Buyer in accordance with the terms of this Purchase Assistance Agreement. Transaction Assistance Team shall direct all appropriate parties that such payments, if check or note, are to be made payable to and sent to :

[redacted]

6. Administrative Assistance. Buyer and Transaction Assistance Team desire, acknowledge, and agree that in connection with Buyer's purchase of the Payments, Transaction Assistance Team shall provide to Buyer only administrative assistance, and Transaction Assistance Team shall not provide to Buyer legal or financial advice or assistance of any kind whatsoever.

7. ACKNOWLEDGMENT OF RISK. BUYER AND TRANSACTION ASSISTANCE TEAM EXPRESSLY ACKNOWLEDGE AND AGREE TO THE FOLLOWING:

7.1. BOTH PARTIES INTEND THAT THE TRANSACTION(S) CONTEMPLATED BY THIS PURCHASE ASSISTANCE AGREEMENT SHALL CONSTITUTE VALID SALE(S) OF PAYMENTS AND SHALL NOT CONSTITUTE IMPERMISSIBLE ASSIGNMENT(S), TRANSFER(S), OR ALIENATION OF BENEFITS BY SELLERS AS CONTEMPLATED BY APPLICABLE LAWS; HOWEVER, CERTAIN RISKS EXIST AS DISCLOSED IN THE ACCOMPANYING DISCLOSURE OF RISKS STATEMENT.

7.2. BY EXECUTING THIS PURCHASE ASSISTANCE AGREEMENT, BUYER ACKNOWLEDGES AND AGREES THAT BUYER IS AWARE OF AND EXPRESSLY ACCEPTS ALL RISKS ASSOCIATED WITH THE TRANSACTION(S) CONTEMPLATED HEREIN.

7.3. BUYER ACKNOWLEDGES AND AGREES THAT TRANSACTION ASSISTANCE TEAM, ITS AGENTS, ATTORNEYS AND ASSIGNS MAKE NO REPRESENTATIONS OR WARRANTIES WHATSOEVER CONCERNING WHETHER A COURT OF LAW WOULD INTERPRET THE TRANSACTION(S) CONTEMPLATED HEREIN AS INVALID ASSIGNMENT(S), TRANSFER(S) OR ALIENATION OF BENEFITS, OR OTHERWISE DEEM THE TRANSACTION INVALID.

8. Wiring of Funds. The Buyer and Transaction Assistance Team acknowledge that the escrow agent cannot electronically transfer or wire funds later than 2:00 PM EST and that both the Buyer and Transaction Assistance Team's obligations to each other must be completed in sufficient time in order to allow mailing of documents and wiring of funds.

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9. Assumption. Subject to the terms and conditions of this Purchase Assistance Agreement, and in accordance with the Contract for Sale, the Buyer shall accept the conveyance of the Payments described in the Contract for Sale, and shall also assume, perform, pay, and discharge all of the duties, liabilities, and obligations required under the Contract for Sale.

10. Entire Agreement. Neither party has been induced to enter into this Purchase Assistance Agreement by any covenant, representation, nor warranty not specifically set forth herein. This Purchase Assistance Agreement supercedes all prior agreements, arrangements and understandings, whether oral or written, and all other communications between Buyer and the Transaction Assistance Team concerning the subject matter hereof. No modification, waiver, release, rescission, or amendment of any provision of this Purchase Assistance Agreement shall be made except by a written instrument duly executed by each of the parties hereto.

11. Binding Effect. This Purchase Assistance Agreement shall inure to the benefit of and be binding upon the Transaction Assistance Team, the Buyer, and their respective agents, successors, heirs, and assigns.

12. Severability. Any invalid or unenforceable provision shall be deemed severed from this Purchase Assistance Agreement to the extent of its invalidity or unenforceability, and the remainder of this Purchase Assistance Agreement shall remain in full force and effect.

13. Counterparts. This Purchase Assistance Agreement may be executed in two or more counterparts which, when taken together, shall be deemed an original and constitute one and the same document. Facsimile or other electronic transmission of executed signature pages shall be sufficient to bind the executing party and shall be admissible the same as an "original" in any court proceeding.

14. Confidentiality. The Transaction Assistance Team and the Buyer agree that the contents of this Purchase Assistance Agreement shall remain confidential, and shall not be disclosed to any person or entity (other than the party's attorneys, auditors, vendees, investors, senior managers, or such employees whose knowledge is required to carry out the terms of this Purchase Assistance Agreement) except as may be required by law, in order to enforce this agreement or upon reasonable notice to all parties.

15. Section Headings. Section headings contained in this Purchase Assistance Agreement are inserted for convenience or reference only and shall not be deemed to be a part of this Purchase Assistance Agreement for any purpose, and shall not in any way define or affect the meaning, construction, scope of any of the provisions hereof.

16. Governing Law. This Purchase Assistance Agreement shall be construed according to the laws of the State of South Carolina, without regard to choice of law principles.

17. Venue. The Buyer agrees to personal jurisdiction in Greenville County, South Carolina and for venue in any proceeding regarding this agreement to be in the Court of Common Pleas in Greenville County, South Carolina.

18. Class Action Waiver. Any litigation based upon this agreement shall proceed solely on an individual basis without the right for any claims to be litigated on a class action basis or on bases involving claims brought in a purported representative capacity on behalf of others. Buyer agrees that his/her claims, if any, may not be joined or consolidated unless agreed to in writing by all parties. Furthermore, no verdict will have any preclusive effect as to issues or claims in any dispute with anyone who is not a named party to this contract.

(Signatures Contained on Following Pages)

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IN WITNESS WHEREOF, the parties have executed this Purchase Assistance Agreement as of the Effective Date.

IRA Account Owner

[redacted]

IRA Account Owner Signature

[redacted]

IRA Account Owner Printed Name

IRA Custodian

[redacted]

IRA Custodian Signature

[redacted]

IRA Custodian Printed Name

EMPLOYEE

Current Physical Address:

[redacted]

Email: [redacted]

Telephone: [redacted]

(15P)

1983 WL 1365
United States District Court; District of Columbia.

Securities and Exchange Commission
v.
Martin.

No. 83-2934
|
October 4, 1983

Opinion

*1 The Securities and Exchange Commission announced today the filing of a Complaint in the United States District Court for the District of Columbia against Robert B. Martin, Jr. ("Martin") alleging violations of Section 17(a)(2) and (3) of the Securities Act of 1933 ("Securities Act").

The Commission's Complaint alleges that, beginning on or about August 1978, Martin and his firm were retained as tax counsel for an offering of arbitrage trading programs in managed accounts offered by Federal Bank & Trust Co., Ltd. ("FB&T"). The trading programs involved transactions in U.S. government securities. On the basis of information provided by the promoters of the offerings and his own investigation, Martin prepared six tax opinions, some of which were included in the offering materials. Martin also reviewed and edited the offering materials and responded to questions from prospective investors. Martin represented to investors that transactions were being executed in a manner giving rise to certain tax treatment for their investment, and that their money was safeguarded through certain procedures established by the promoters. In fact, the promoters were not executing the transactions as represented, but instead were misappropriating and diverting investors' funds.

The Commission's Complaint alleges that Martin acted negligently in misrepresenting material facts to investors, in that, he was aware of certain suspicious facts and circumstances concerning the promoters and the actual operation of the trading program. These suspicious facts and circumstances and "red flags" should have caused Martin to require further information from the promoters or, failing to acquire the requested information from the promoters, to withdraw his participation from the offering, and correct his previous misrepresentations.

The Complaint further alleges that the suspicious facts and circumstances and "red flags" of which Martin was aware included, among other things, the following: 1) that FB&T's offices were vacant; 2) information from the FBI that FB&T's trader's offices were also vacant and that the telephone was operative; 3) FB&T's accountants were not reviewing trade confirmations as represented in the offering brochures to examine whether or not the trades actually occurred; 4) information that Melvin Bogus ("Bogus"), one of the promoters of the FB&T programs, had been previously enjoined from violating the anti-fraud provisions of the federal securities laws; 5) that a brochure which falsely described FB&T as a full service commercial and investment bank with large offices and staff had been used to sell interests in FB&T; and 6) an investor's questions, based upon a discussion with Bogus, as to whether or not the program was a "scam." Notwithstanding his knowledge of the red flags described above, Martin failed to further question the promoters or withdraw from his participation in the offerings.

The Commission's Complaint further alleges that Martin, but for his negligent conduct, should have known that his statements in his firm's tax opinions, which were included in the offering circulars as well as his representations to investors, were false and misleading.

*2 Concurrently with the filing of the Complaint, the Court entered a Final Order To Comply with Undertaking, whereby Martin, without admitting or denying the allegations in the Commissionhs Complaint, consented to the entry of an order requiring him to comply with his undertaking not to violate Section 17(a)(2) and (3) of the Securities Act. Martin was also ordered to comply with his undertaking to provide discovery to the Commission, upon request, and to appear and testify as a witness if necessary, at any trial or other proceeding involving this matter, subject to the assertion by him of any applicable constitutional or other legal right or privilege.

This case is related to a civil action previously filed on September 30, 1983 in the United States District Court in the Northern District of Florida, *SEC v. Federal Bank & Trust Co., Ltd., et al.* (Civil Action No. 83-8540JCP) wherein the Commission alleged that FB&T and 20 other defendants engaged in a scheme to defraud 2,000 U.S. investors of over $16 million. (See Litigation Release No. 10149.)

All Citations

Not Reported in F.Supp., 1983 WL 1365, Fed. Sec. L. Rep. P 99,509

EXHIBIT 4